

The Grocery Store

DVBE.BZ

DAVE VOLEK'S BUSINESS ENGLISH



Instructor's Manual

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Credits

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The Grocery Store: Instructor's Manual

Introduction

THE GROCERY STORE is the best module for introducing the Dave Volek's Business English program to your class. The business knowledge required to work with this module is not too extensive, and two important and fundamental language skill sets – working with large numbers and describing numerical changes – are exercised. Intermediate-level ESL students in a regular EFL program will find this module extremely useful.

For describing numerical changes, THE GROCERY STORE has two parts with different teaching objectives. The main and first part, *Ian Rich, Grocer, Inc.*, shows students how to describe numerical changes. The second part, *Patrick Fox, Grocer, Inc.*, is more or less an elaborate language drill through which students develop skill in making these changes. Therefore, *Patrick Fox* should be presented after *Ian Rich*, though it is not necessary to present this second part immediately after the first.

DVBE Support

We welcome any questions you have about this module. Please email us at info@dvbe.bz or post a question on the DVBE discussion group at www.dvbe.bz.

Unit One: Ian Rich, Grocer, Inc.

Instructor Preparation

We recommend that you go through all the calculations on the income statement prior to presenting the unit to the class. Although it may look easy to add and subtract numbers, this process requires quite a bit of thought and concentration. It will be helpful to experience what students will be going through. You will have a much better understanding when individual students or the class as a whole has some comprehension problems. Resolving these problems is also very good business English practice.

We also have a brief basic lesson on communication within accounting sheets at the end of the instructor's manual. This lesson has implications for other modules in the DVBE program.

Note: See the suggested lesson plan on the following page.

Suggested Lesson Plan

Homework

Hand out the Homework Handout for both parts of the module (*Ian Rich & Patrick Fox*). Do not hand out any of the “student sheets” at this point.

Note: Remind students to bring a calculator for the next lesson.

Collocation Lecture

You might want to give a little lecture on how native speakers really say numbers like “138.” Often that “and” in “one hundred and thirty-eight” sounds more like “an,” “in,” “n,” or “uh.” It often has very little stress, which for some learners of English is very difficult to hear.

The Q & A

Hold a Q&A session on the *Language Study* and *Ian Rich* handouts.

Fill in the Income Sheets

To fill in the income sheets follow the steps below:

- 1) Break the class into pairs. For each pair, give one student an "A" income statement (from the Resource Manual), the other a "B" statement. Emphasize that students must not show these sheets to each other to ensure they communicate verbally.
- 2) Each sheet has numerical information that the other sheet is missing. Students are to verbally convey the missing information to each other and fill in their particular blanks.
- 3) Although the students will find it easier to look at each other's sheet to check whether they have properly communicated numbers, this is not the process we prefer. Explain to them that a set of calculations will determine if they have communicated the numbers correctly. If the numbers don't add up, another opportunity to practice English awaits your students.

Note: Another problem may be a tendency for students to recite the numbers digit-by-digit rather than use the proper English form. Don't let them do this!

Perform the 1994 Calculation and Compare Answers

To perform the 1994 calculation and compare answers follow the steps listed below:

- 1) Have each student individually work out the 1994 profits. Ask the students to try to think in English when they are doing the exercise. The correct answer is £276,517, but because of rounding errors, students may not have this exact answer. Therefore, any answer +/- £5 is acceptable. Explain this possibility of slight variation to the students.
- 2) Some students will not get this answer. Rearrange the students into groups with at least one student who got the correct answer and at least one student who did not. Keeping the students in the same pairs is not important. Nor do the new groups require both a Student A and a Student B. Groups can even expand to three or four students depending on the breakdown of right/wrong answer students.
- 3) Have the students go over the sheet to figure out where any error occurred – in English. During this process, students should not look at each other's sheets to maximize the verbal communication. Emphasize the English practice opportunities of this step. Some students who didn't get the right answer may feel some loss of face. Tell them that even experienced accountants can make mistakes when doing calculations by hand and checking each other's figures is a common business practice.

Comprehending the Three-tiered Tax System

Comprehending the three-tiered tax system may be difficult for some students. So be prepared with your own explanation: e.g., most governments think that higher income people and highly profitable businesses can afford to pay a higher level of tax on their higher earnings; the tier system does not hurt low income and low-profit businesses.

Use the Tax Tier Table found in the Resource Manual by providing photocopies or writing it on the board. Or perhaps have a student who is knowledgeable about the topic explain it to the rest of the class. This could be an excellent opportunity for public speaking in English.

Correcting Calculations

There is an efficient method for students to correct a wrong calculation. By checking the figures that are a compilation of several calculations, students can quickly determine the area in the statement that has the error.

For example, if a student who did not get the correct final answer, but has the correct calculation for "total expenses," then all numbers within the "total expenses" are correct. There is no need to check this section further. However, if the "gross income" calculation is not correct, then the error lies somewhere in numbers involved in the "gross income" section. The students can then subdivide this section into various sub-calculations to locate the error. However, many students may not catch on to this process. As long as they are happily practicing their business English, maybe it's just best to leave them be.

Answer Sheets

In the Resource Manual, you will find an answer sheet for this and the next exercises. You can use the numbers from this sheet to communicate with your students as they try to find their mistakes, but don't give the sheet to them. Maximize practice with business English.

Do the 1995 Income Statement

Follow the steps below to complete the 1995 Income Statement:

- 1) Pair the students up again. They should now refer to the *Changes in Revenues and Sales for 1995*, which is in their handout. Let them discuss and apply these changes to the 1995 side of the income statement.
- 2) The Resource Manual tells how to calculate the changes to margins. Assume most students are going to stumble a bit here, and either have this handout ready for them or be ready to explain it to them verbally. Some students may not have had this “business training” before, so be careful not to sound as some kind of business expert. It’s a fairly common business concept.
- 3) Have students individually calculate the 1995 profits. The correct answer is about £265,594; again rounding errors will occur, so any answer +/- £25 is acceptable (there is more potential for rounding errors in this second calculation). Once again, the students should not show their sheets to each other to check their calculations.
- 4) Again, set up groups of students with at least one student who got this answer and at least one who didn’t. They are to solve the discrepancies verbally—using English.

Writing Exercise (optional)

Have the students write a short article for a fictitious financial newspaper. Have them describe the changes to the major accounting parameters between 1994 and 1995 for Ian Rich, Grocer, Inc. Topics to address could be:

- gross income
- expenses
- income before taxes
- taxes
- net income after taxes

You could also make your students do some additional calculations and write about these changes:

- total sales
- total cost of food sold
- sales margin (gross income ÷ total sales)
- effective tax rate (taxes ÷ income before taxes)
- pretax profit margin (income before taxes ÷ total sales)
- post-tax profit margin (net income ÷ total sales)

Unit Two: Patrick Fox, Grocer, Inc.

This unit should be presented after the *Ian Rich, Grocer, Inc.* unit. However, other DVBE modules, or business-English and EFL exercises can be inserted between these two units.

The primary focus of this module is to make students communicate with various “increase/decrease” language structures.

Suggested Lesson Plan

The Q & A

Hold a Q & A session on the *Patrick Fox* Handout.

Hand out the Roles

To hand out the roles, follow the steps below:

- 1) Break the students into groups of three or four. Hand each student in the group a different role sheet from the Student C, D, E, and F sets. Each of these roles has two product types, each with eight brands. Each brand has price change information.
- 2) Hand each student a copy of Sheet G. This is a composite sheet on which they can record changes as they hear them.

Note: Sheet A and B are from the *Ian Rich* unit. We have left out “A” and “B” designations from the *Patrick Fox* assignment to minimize confusion.

The Conversation

The language skills gained here are crucial for doing business.

Each student takes a turn explaining the price changes in their product group. The others must listen and record the changes. Give the students some time to prepare sentences describing their changes.

Stress to the students that the purpose of the exercise is to use the various grammar constructions and verbs that describe price changes. Each student has many opportunities to create new ways to describe the changes; encourage them to use a variety of forms.

As the students experiment with the different “increase” and “decrease” verbs, some of their constructions may not be that appropriate. Be ready to correct them with feedback and alternatives.

Do it Again

If you or the students think they need more practice, set up new groups with students performing different roles. Or have the student's write a report based on their “G” sheet.

How to Read and Use Income Sheets for the Grocery Store

DVBE recognizes that many EFL instructors have not much experience in business. Part of the mandate of this BE program is to provide some basic business training for such instructors so they can present these modules with some credibility. This section's purpose is to give some knowledge of how to read and use Income Statements.

Generally speaking, if a calculated number is to be used in a subsequent calculation, that number is carried over one column to the right – but usually stays on the same row as the last number used for the calculation. We realize that the last sentence is somewhat confusing so we have provided a short example:

Sales of Meat	1050		
Cost of Meat	475	= gross income from meat =	575
Sales of Bread	1400		
Cost of Bread	300	= gross income from bread =	1100
Gross Income		= gross income from meat and bread =	1675
Expenses			
Salaries	300		
Power	125		
Administration	75	= total expenses =	500
Income before Taxes		= gross income from meat and bread subtract total expenses =	1175
First Tier of Taxes	115		
Second Tier of Taxes	280	= total taxes =	395
Net Income		= income before taxes subtract total taxes =	780

For example, you can see that the “575” figure in the upper right corner is the difference between the sales and cost of meat. With a little inspection, you can see how the figures from the right column are somehow calculated with numbers from the second column.

You won't find the heavily shaded third column on the Student A and B sheets, nor will you find it on any professionally prepared sheet. There is a “hidden language” in accounting statements that most business people eventually become familiar with. They know when numbers are being totaled, what arithmetic operation is used, and what that total is – all without the sheet overtly telling them.

However, here are some clues for a novice business-person:

- Most arithmetic operations are addition and subtraction although multiplication and division are sometimes used. If the column is fairly long, the process is usually addition; common accounting practices frown on applying the other three arithmetic operations to columns with more than two numbers.
- A single underline indicates that one, and only one, arithmetic operation has been performed on the underlined number and all numbers above it in that column.. A space or another underlined number usually indicates the upper limit of the column.
- Results of calculations are often placed to the right of the last number in the column where the calculation was performed. Sometimes that number is placed to the right and one row down. Such a number is given a formal name in the column on the left.
- A double-underlined number usually indicates a final number with no more calculations pending. However, more accounting data can be presented below a double-underlined number.
- The more important accounting parameters usually have a higher profile font. These numbers are almost always the result of calculations from raw data or other calculations.

If you see and analyze enough financial statements, you will get the hang of this “hidden logic” of how numbers are presented. It’s not that difficult.

Setting-Up Accounting Sheets

However, setting up an accounting sheet has only generally accepted rules; there really is not a standard system. Some accountants may be more explicit in their explanations; some less. Most accountants present their income statement on one page (more than three pages is generally considered too long). Hence, different formats and styles will develop. For example, the formats below are also valid depending on what information is important, as well as the accountant’s personal style.

More Explicit

Sales of Beef	600	
Cost of Beef	125	475
Sales of Pork	450	
Cost of Pork	350	100
Gross Income from Meat		575

Less Explicit

Gross Income from Meat		575
Gross Income from Bread		1100
Gross Income		1675

In the more explicit example, you can easily see that beef is more profitable than pork. The less explicit example uses much less space. Neither is “more right” than the other; the level of details depends on what information the reader needs to make a business decision.

For example, the meat department manager and the store manager may find the more explicit table very useful to make decisions about how to plan their meat section for more profit. On the other hand, the less explicit table may be good enough for the store’s owners, who mostly want to know if their investment is profitable and will not want that much detail about the meat section.

Business English Practice and Understanding

For business English practice in the grocery store, it really is not important that students put the numbers in the right box on the income sheets. The shaded boxes on the sheet are to steer the students to “properly” put the numbers in the clear boxes. However, the shading is extremely light so that students who have different ideas are not encumbered. As long as they are practicing business English, you should not be too concerned whether or not they are following this author’s accounting preferences.

However, we do recommend that you study and understand this “accounting sheet language” section especially if you have never taken a bookkeeping or accounting course. There are two main reasons for this. First, you may run into a class that insists on filling out their sheets “correctly.” You may find it more diplomatic and efficient to tell them the “correct” way instead of allowing them a free hand. Second, the Dave Volek’s Business English program has a high numerical component, and for you to acquire these basic accounting / bookkeeping communication skills can only help you and your students communicate in subsequent modules.

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Ian Rich Grocer Inc. – Student “A”

	Income Statement	
	Jan. 1 – Dec. 31, 1994	Jan. 1 – Dec. 31, 1995
Sales:		
Bread: Total Sales	£	
Cost of Goods Sold		
Dairy: Total Sales	£515,117	
Cost of Goods Sold	<u>470,880</u>	
Meat: Total Sales	£	
Cost of Goods Sold		
Fruit & Vegetable: Total Sales	£760,416	
Cost of Goods Sold	<u>550,070</u>	
Canned Goods: Total Sales	£	
Cost of Goods Sold	_____.	
Spices: Total Sales	£ 40,017	
Cost of Goods Sold	<u>13,530</u>	
Frozen Food: Total Sales	£	
Cost of Goods Sold	_____.	
GROSS INCOME		
Expenses		
Salaries & Benefits	£180,090	
Power		
Administration	30,140	
Cash Register Maintenance		
Building Maintenance	16,814	
Refrigeration Maintenance	_____.	
INCOME BEFORE TAXES		
Income Taxes: First Tier (10%)		
Second Tier (21%)		
Third Tier (27%)		
TOTAL TAXES		
NET INCOME		

Ian Rich Grocer Inc. – Student “B”

		Income Statement	
		Jan. 1 – Dec. 31, 1994	Jan. 1 – Dec. 31, 1995
Sales:			
Bread: Total Sales	£580,440		
Cost of Goods Sold	<u>560,018</u>		
<hr/>			
Dairy: Total Sales	£		
Cost of Goods Sold			
<hr/>			
Meat: Total Sales	£850,017		
Cost of Goods Sold	<u>613,130</u>		
<hr/>			
Fruit & Vegetable: Total Sales	£		
Cost of Goods Sold			
<hr/>			
Canned Goods: Total Sales	£450,616		
Cost of Goods Sold	<u>315,014</u>		
<hr/>			
Spices: Total Sales	£		
Cost of Goods Sold			
<hr/>			
Frozen Food: Total Sales	£180,090		
Cost of Goods Sold	<u>90,713</u>		
<hr/>			
GROSS INCOME			
<hr/>			
Expenses			
Salaries & Benefits	£		
Power	70,018		
Administration			
Cash Register Maintenance	30,917		
Building Maintenance			
Refrigeration Maintenance	<u>80,220</u>		
<hr/>			
INCOME BEFORE TAXES			
Income Taxes: First Tier (10%)			
Second Tier (21%)			
Third Tier (27%)			
TOTAL TAXES			
<hr/>			
NET INCOME			

Ian Rich Grocer Inc. – Answer Sheet

Income Statement				
	Jan. 1 – Dec. 31, 1994		Jan. 1 – Dec. 31, 1995	
Sales:				
Bread: Total Sales	£580,440		558,039	
Cost of Goods Sold	<u>560,018</u>	20,422	560,018	(1,979)
Dairy: Total Sales	£515,117		489,361	
Cost of Goods Sold	<u>470,880.</u>	44,237	470,880	18,481
Meat: Total Sales	£850,017		1,062,521	
Cost of Goods Sold	<u>613,130</u>	236,887	700,700	361,821
Fruit & Vegetable: Total Sales	£760,416		723,990	
Cost of Goods Sold	<u>550,070.</u>	210,346	537,187	186,803
Canned Goods: Total Sales	£450,616		428,076	
Cost of Goods Sold	<u>315,014</u>	135,602	318,164	109,912
Spices: Total Sales	£ 40,017		80,034	
Cost of Goods Sold	<u>13,530</u>	26,487	29,818	50,215
Frozen Food: Total Sales	£180,090		270,135	
Cost of Goods Sold	<u>90,713</u>	89,377	<u>174,813</u>	95,322
GROSS INCOME		<u>763,358</u>		<u>820,575</u>
Expenses				
Salaries & Benefits	£180,090		184,592	
Power	70,018		140,036	
Administration	30,140		41,722	
Cash Register Maintenance	30,917		17,723	
Building Maintenance	16,814		4,204	
Refrigeration Maintenance	<u>80,220</u>	<u>408,199</u>	<u>60,165</u>	<u>448,442</u>
INCOME BEFORE TAXES		355,159		372,133
Income Taxes: First Tier (10%)	7,500		6,500	
Second Tier (21%)	15,750		17,850	
Third Tier (27%)	<u>55,392</u>		<u>82,189</u>	
TOTAL TAXES		<u>78,642</u>		<u>106,539</u>
NET INCOME		<u>276,517</u>		<u>265,594</u>

Patrick Fox, Grocer, Inc. - Product Spy Sheets

Student "C"

Toothpaste per 200ml tube

Brand	Old Price	to New price	by _____	by _____%
Aquafresh	£1.87	1.77	0.10	5.3
Cavity Killer	£1.77	1.90	0.13	7.3
Colgate	£1.77	2.77	1.00	56.5
Crest	£1.77	1.87	0.10	5.6
Crest with Fluoride	£1.87	0.87	1.00	53.5
Denture Free	£1.87	2.00	0.13	7.0
Plaque Away	£1.87	2.17	0.30	16.0
Sexy Teeth	£1.77	2.00	0.23	13.0

Dog Food, per 15 kg bag

Brand	Old Price	to New price	by _____	by _____%
Canine Caviar	£10.95	10.99	0.04	0.4
For the Fussy Dog	£9.99	7.18	2.81	28.1
Gainsburgers	£10.95	9.90	1.05	9.6
Nutri-Dog	£9.99	10.95	0.96	9.6
Only for Cat Chasers	£9.99	8.99	1.00	10.0
Pal	£10.95	12.95	2.00	18.2
Snoopy's Favorite	£9.99	9.49	0.50	5.0
Top Dog	£10.95	9.97	0.98	9.0

Student "D"**Laundry Detergent, 5 kg box**

Brand	Old Price	to New price	by _____	by _____%
Bold	£4.99	5.99	1.00	20.0
Cleaner than Clean	£4.97	4.99	0.02	0.4
Lotsa Suds	£4.98	5.99	1.01	20.3
Oxydol	£4.98	5.19	0.21	4.2
Stainbusters	£4.99	4.49	0.50	10.0
Suds & Suds	£4.98	3.99	0.99	19.9
Tide	£4.99	3.90	1.09	21.8
Whiter than White	£4.97	4.87	0.10	2.0

Cigarettes per eight-pack carton

Brand	Old Price	to New price	by _____	by _____%
Cuban Greats	£15.75	17.30	1.55	9.8
Export A	£17.30	17.16	0.14	0.8
Export J	£17.30	18.00	0.70	4.0
Huff 'n' Puff	£15.75	14.99	0.76	4.8
Import H	£15.75	9.99	5.76	36.6
Marlboro	£17.30	15.30	2.00	11.6
Nicotine Plus	£15.75	15.99	0.24	1.7
Players	£17.30	15.75	1.55	9.0

Student "E"

Shampoo, per 300 ml bottle

Brand	Old Price	to New price	by _____	by _____%
For Baldies	£0.95	1.15	0.20	21.0
For Hair and Dishes	£1.65	1.50	0.15	9.1
Head & Shoulders	£0.95	0.49	0.46	48.4
No Knots	£1.65	1.74	0.09	5.4
Sexy Hair	£0.95	0.89	0.06	6.3
The Wild Look	£1.65	0.99	0.66	40.0
Very Sexy Hair	£1.65	1.99	0.34	17.0
VO-5	£0.95	0.99	0.04	4.2

Dishwashing Soap, per 1000 ml bottle

Brand	Old Price	to New price	by _____	by _____%
Almost Acid	£3.49	5.90	2.41	69.0
Crystal Clear	£3.49	3.00	0.49	14.0
Dish Rag	£3.49	6.00	2.51	71.9
Doctor Disinfectant	£3.99	2.99	1.00	25.1
For Dishes and Hair	£3.99	3.29	0.70	17.5
Lemon Palmolive	£3.99	3.49	0.50	12.5
Palmolive	£3.49	4.00	0.51	14.6
Sparkles	£3.99	4.19	0.20	5.0

Student "F"**Floor Cleaner, per one litre container**

Brand	Old Price	to New price	by _____	by _____%
Almost Acid	£5.95	5.24	0.71	12.0
AP-17	£7.95	6.95	1.00	12.6
Grime Off	£5.95	5.18	0.77	13.0
Grime Off Plus	£7.95	7.99	0.04	0.5
JB-70	£5.95	5.89	0.06	1.0
Mr. Clean	£7.95	8.95	1.00	12.6
Sexy Floors	£5.95	5.99	0.04	0.7
Super Grime Off	£7.95	5.95	2.00	25.1

Handsoap, per five-bar pack

Brand	Old Price	to New price	by _____	by _____%
Dirt Digger	£2.50	1.25	1.25	50.0
Irish Spring	£2.15	1.99	0.16	7.4
Ivory	£2.15	2.05	0.10	4.7
Mechanic's Magic	£2.50	2.15	0.35	14.0
Palmolive	£2.15	2.99	0.84	39.1
Skin Smoother	£2.50	2.99	0.49	16.4
Slippery Suds	£2.50	2.65	0.15	6.0
Zest	£2.15	2.50	0.35	16.3

Patrick Fox, Grocer, Inc. Spy Sheet for Ian Rich, Grocer, Inc.

Sheet G

Brand	Old Price	New Price	Brand	Old Price	New Price
Toothpaste			Shampoo		
Crest	£1.77		VO-5	£0.95	
Colgate	£1.77		Head & Shoulders	£0.95	
Sexy Teeth	£1.77		For Baldies	£0.95	
Cavity Killer	£1.77		Sexy Hair	£0.95	
Crest with Fluoride	£1.87		Very Sexy Hair	£1.65	
Aquafresh	£1.87		The Wild Look	£1.65	
Denture-Free	£1.87		No Knots	£1.65	
Plaque Away	£1.87		For Hair and Dishes	£1.65	
Dog Food			Dishwashing Soap		
Gainsburgers	£10.95		Palmolive	£3.49	
Top Dog	£10.95		Almost Acid	£3.49	
Pal	£10.95		Dish Rag	£3.49	
Canine Caviar	£10.95		Crystal Clear	£3.49	
Only for Cat Chasers	£9.99		Lemon Palmolive	£3.99	
For the Fussy Dog	£9.99		Doctor Disinfectant	£3.99	
Nutri-Dog	£9.99		Sparkles	£3.99	
Snoopy's Favorite	£9.99		For Dishes and Hair	£3.99	
Laundry Soap			Floor Cleaner		
Bold	£4.99		Mr. Clean	£7.95	
Tide	£4.99		AP-17	£7.95	
Lotsa Suds	£4.98		Super Grime Off	£7.95	
Suds & Suds	£4.98		Grime Off Plus	£7.95	
Oxydol	£4.98		Sexy Floors	£5.95	
Stainbusters	£4.99		Almost Acid	£5.95	
Whiter than White	£4.97		Grime Off	£5.95	
Cleaner than Clean	£4.97		JB-70	£5.95	
Cigarettes			Handsoap		
Export J	£17.30		Zest	£2.15	
Export A	£17.30		Irish Spring	£2.15	
Players	£17.30		Palmolive	£2.15	
Marlboro	£17.30		Ivory	£2.15	
Nicotine Plus	£15.75		Skin Smoother	£2.50	
Huff 'n' Puff	£15.75		Mechanic's Magic	£2.50	
Cuban Greats	£15.75		Slippery Suds	£2.50	
Import H	£15.75		Dirt Digger	£2.50	

Calculation Study

Changes to Margins

The Ian Rich exercise uses two calculations for describing changes to margins, which may cause some problems. Use this module's definition of margin (found in the Student's Manual), data from the income statements (to put numbers into the initial margin calculation), and the change to the margin (as described in the Student's Manual).

For Change #5 in the Student's Manual, the first calculation is the 1994 margin.

By definition of margin from this module, the:

$$1994 \text{ margin} = (40,017 - 13,530) / 13,530 = 1.958 \text{ or } 195.8\%.$$

The margin is reduced by 14%, so the:

$$1995 \text{ margin} = 195.8\% \times (1 - 0.14) = 168.4\% \text{ or } 1.684.$$

Now, the:

$$1994 \text{ margin} = 1.684 = (80,034 - x) / x.$$

Solving for "x", x = Cost of spices sold = £29,819. †

For Change #12 in the Student's Manual, the:

$$1994 \text{ margin} = (580,440 - 560,018) / 560,018 = 0.0365 \text{ or } 3.65\%.$$

The 1995 margin will be:

$$3.65\% - 4.00\% = -0.35\% \text{ or } -0.0035.$$

Note that the negative margin shows a loss. So, the:

$$1995 \text{ margin} = -0.00353 = (x - 560,018) / 560,018.$$

Solving for "x", x = Gross bread sales = £558,058. †

† Rounding assumptions will mean slightly different answers are possible.

Example of a Tiered-Tax System

The currency used in this example is the “quonk.” It is fictitious.

Tax Tier Table

	Poor Man*	Middle-Income Man*	Rich Man*
Annual Income	Q5,000	Q50,000	Q500,000
First Tier: 5% on the first Q20,000	Q250	Q1,000	Q1,000
Second Tier: 20% on earnings between Q20,001 and Q100,000	0	6,000	16,000
Third Tier: 35% earnings more than Q100,001	<u>0</u>	<u>0</u>	<u>140,000</u>
Total Tax Paid	<u>250</u>	<u>7,000</u>	<u>157,000</u>
“Take-home” Earnings	<u>Q4,750</u>	<u>Q43,000</u>	<u>Q343,000</u>
Effective Tax Rate (Take-home earnings ÷ Annual Income)	5%	14%	31%
Marginal Tax Rate (Tax Rate on the next additional quonk of earnings)	5%	20%	35%

Usually governments create tiered tax rates for both individuals and businesses, so the word “business” can be substituted for “person.”

The Grocery Store

DVBE.BZ

DAVE VOLEK'S BUSINESS ENGLISH



Student's Manual

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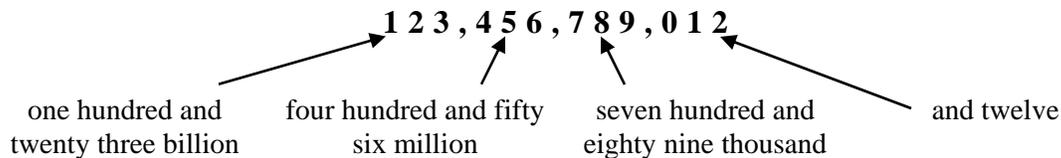
The Grocery Store: Student's Manual

Introduction

The Grocery Store focuses on working with large numbers and describing numerical changes. There are very easy ways to do the "business" in this module. But, the amount of business English used would be minimal if you do it the easy way. Listen to the instructions carefully to maximize your practice with business English.

Language Study

Remember that in English, numbers are arranged in groups of three digits: billions*, millions, thousands, and "ones." For example:



* See Billions on the following page.

Number Review

100	=	one/a hundred
204	=	two hundred and four
350	=	three hundred and fifty
483	=	four hundred and eighty-three
1,000	=	one/a thousand
1,050	=	one/a thousand and fifty
1,101	=	one/a thousand, one hundred and one OR eleven hundred and one
2,800	=	two thousand eight hundred OR twenty eight hundred
10,000	=	ten thousand
37,188	=	thirty-seven thousand one hundred and eighty-eight
100,000	=	one/a hundred thousand
450,239	=	four hundred and fifty thousand, two hundred and thirty-nine
1,000,060	=	one million and sixty
5,057,000	=	five million and fifty-seven thousand
5,057,540	=	five million fifty-seven thousand five hundred and forty thousand
1,000,000,000	=	Am. Eng.: one/a billion BR. ENG.: one/a thousand million

***Billions**

Proper British English defines billions as 10¹², not 10⁹, which is American English. The British use the term “thousand million” for 10⁹; for example, 1,112,500,000,000 is spoken as “one billion, one hundred and twelve thousand million, five hundred million.”

The number – 1,112,500,000,000 – is spoken in American English as “one trillion, one hundred and twelve billion, five hundred million.”

However, the American preference for “billion” is probably the world’s choice. In fact, some British firms who are quite active in the international marketplace have adopted the American version of billions just to ensure their customers are not confused. And this leads to further confusion when dealing with British business people. If “billions” are discussed with British business people, always check to ensure that both you and they are working with the same numeric notion of “billion.” There could be lots of money lost if you are working with different definitions!

Numerical Changes

The key to describing numerical changes is determining what the reference figure (sometimes called the starting figure) is, and how the changes are to be applied to this reference figure. In the grocery store exercise, the reference figures will be quite clear (i.e., the previous year's figures), but the method of change may cause confusion. The prepositions "to" and "by" are extremely important and one of these must be used to describe any change if precise communication is desired.

For example:

*100 increased by 15% is 115 ❶; 100 is increased to 115; 100 is increased by 15,
but*

115 decreased by 15% is 97.75 ❷; 115 is decreased to 97.75; 115 is decreased by 17.25.

*50% increased by 10% is 55% ❸; 50% is increased by 5 percentage points,
but*

"55% decreased by 10% is 49.5% ❹; 55% is decreased by 5.5 percentage points.

$$\text{❶} = 100 \times (1 + 0.15)$$

$$\text{❷} = 115 \times (1 - 0.15)$$

$$\text{❸} = 50 \times (1 + 0.10)$$

$$\text{❹} = 55 \times (1 - 0.10)$$

Increase and Decrease

English has many words for “increase” and “decrease.” You will be exposed to common synonyms in this module, and you should make all of them part of your business English vocabulary.

Active Voice

Increase	Decrease
go up	go down
rise	decline / reduce / descend
shoot up	drop
climb	fall
grow	dwindle / diminish
soar / fly / jump / skyrocket (a lot and very fast)	plummet / plunge / tumble (a lot and very fast)
crawl up / creep up	crawl down / creep down
run up	run down
bump up / boost (up)	bump down / bring down
swell	shrink

Passive Voice

For many of the above verbs, they can also be arranged in the passive voice.

Increase	Decrease
be increased	be decreased
be raised	be reduced / be lowered
be elevated	be cut / be cut back
be marked up	be marked down
be boosted	be slashed

As a speaker of English, you can use the words “increase” and “decrease.” However, native speakers very often use other verbs. You really must become familiar with these words if you want to be effective in business English.

“Price” and “Cost”

When describing monetary changes, the words “price” and “cost” are often used as a partitive noun. For example:

- **The price of bread** has increased to £1.15 a loaf.
- **The cost of milk** was slashed to £0.75 per litre.
- Patrick Fox raised the **price of apples** by £0.25 per kilogram.
- Ian cut the **cost of potatoes** by 10%.

In many uses, native English speakers will use these two words interchangeably. Both imply a vendor-to-customer relationship. However, “cost” can have a different meaning. For the vendor, cost is more applicable to the supplier-to-vendor relationship. Consider the last example:

- Ian cut the **cost of potatoes** by 10%.

With no other context, this sentence is ambiguous; that is, it can have two meanings. Did Ian reduce the price that he **charges** his customer? Or did the price that he usually pays his potato supplier go down? This would depend on the context. If the context focused on the customer, then the customer would be the one who pays less. If the context focused on Ian, then he is likely buying his potatoes for less. (He may or may not pass on this cost reduction to his customers.)

If you, a non-native English speaker, want to avoid confusion, you should use “price” as the amount you offer to your customers for the goods and services you sell (i.e., the money that is coming in). Use “cost” as the price your suppliers charge you (i.e., the money that is going out). Be ready for native English speakers to use both in the same situation. Usually there is enough context to easily understand the speaker’s intention.

Quite often the partitive for “price” or “cost” is left out:

- **Bread** has increased to £1.15 a loaf.
- Patrick Fox raised **apples** by £0.25 per kilogram.

The “per unit” can be left out if the unit is commonly accepted as a standard or when both parties fully understand each other. For example:

- The cost of milk was slashed to £0.75.
- Apples dropped by 15%.

Pounds and Pence

The British use the following constructions to describe £4.29:

- four pounds (and/___) twenty-nine pence
- four pounds (and/___) twenty-nine 'p'
- four pounds twenty-nine
- four twenty-nine

Be careful with that last construction because it could mean £429.00 depending on the context.

Note: that American English is very similar with its “dollars” and “cents.”

Use of the Term “Percentage Points”

Use of the term “percentage points” or the absence of this term will clarify exactly what kind of change is to be applied to a rate or margin. For example, if the bank rate is 10%, an increase of 10 **per cent** means the new bank rate is 11%; an increase of 10 **percentage points** means the new bank rate is 20%. Casual conversation and journalistic reporting have a tendency to leave off “percentage points” when they should be using the term.

Reference Figure

Knowing exactly what the reference figure is (the figure on which the calculation is based) in relation to numerical changes is also important for precise communications. This is often not made clear.

Consider: “Sheep exports from New Zealand increased 50% this year to 90 shiploads.” Did 60 increase to 90 or did 45 increase to 90? Generally, 60 would be the reference figure and the 50% increase calculation would be applied to the 60. However, the writer/speaker mentioned 90 as the end figure, but did not mention a beginning figure. This can cause confusion. Some speakers and writers would think this is an increase of 45 to 90—and it is difficult to argue against such logic. Unless all we need to know is that sheep exports increased “a lot,” the reader or listener should ask for more information.

Changes of 100% or More

It is generally accepted that an increase of 100% means doubling. However, some speakers and writers may use this term to describe tripling or quadrupling. Increases of more than 200% usually confuse most native speakers. Always ask for the starting and final figures when you need exact numbers.

Summary

Some of this language study may seem quite trivial – even controversial! Regardless of what is considered common sense or what are formal grammar/mathematical rules, a lot of people will find different ways to apply these kinds of numerical changes. It is always best to check the exact starting and final figures when this information is critical.

Ian Rich, Grocer, Inc.

In class, the instructor will pair you up with another student and give you a fictitious income statement for a medium-sized grocery store in the United Kingdom. Do not show this statement to your partner! The instructor will have several tasks for you in which you can practice your business English.

Before you start these tasks, read the following material. You might not understand some of this material now, but it will become clear once you work with the assignment.

Taxes

Tax rates are tiered with three brackets. To calculate taxes payable for Ian Rich, Grocer Inc., apply the following rates to the different levels of pretax income:

- 1) £0 to £75,000, the rate is 10%
- 2) £75,001 to £150,000, the rate is 21%
- 3) £150,001 and over, the rate is 27%.

Margins

For the purposes of this module, margin shall be defined as:

$$(\text{Markup} / \text{Cost of goods sold}) * 100\%$$

where markup is (Gross sales - Cost of goods sold).

This is one of the more common definitions of margin; another common usage is to use "gross sales" as the denominator. There can be other definitions.

Another common misuse of "margin" is to use it for "profit." Margin usually does not consider "fixed costs", which are a very important part of the profit calculation. However you still may hear the term "profit margin." This term implies the fixed costs are included and states profit as a rate (such as a percentage of profit per gross sales) instead of an absolute number (such as £250,000).

"Margin" and "profit" are difficult words in business English. This module could provide you with some acceptable definitions, but you will eventually find other business people using different ones. When it is important to know exactly what "margin" (a rate) or "profit" (a number) mean, you should ask. Make sure both you and your business partner are using the same definition!

Changes in Revenue and Sales for 1995

After the 1994 pre-tax calculations have been completed, calculate the post-tax (net) income for 1995 by using the changes described below:

- 1) Meat sales increased by 25%; meat costs went up to £700,700.
- 2) Canned goods sales were reduced by 5%; costs increased by 1%.
- 3) Fruit and vegetable sales decreased to £723,990; costs decreased by £12,883.
- 4) Power expenses rose by 100%.
- 5) Sales of spices doubled; the margin on spices went down by 14%.
- 6) Refrigeration maintenance costs decreased to three-quarters of last year's value.
- 7) Building maintenance costs decreased by three quarters of last year's value.
- 8) Dairy produce sales declined by 5%; costs remained the same.
- 9) Frozen food sales rose by 50%; the gross profits on sales grew to £95,322.
- 10) Salaries grew by 2.5%.
- 11) Cash register maintenance was cut to £17,723.
- 12) Costs of bread stayed the same, but the margin decreased by 4.0 percentage points.
- 13) Administration costs were increased by £11,582.
- 14) The upper limit of the first tax bracket was reduced to £65,000.
- 15) The marginal tax rate for the highest bracket increased by 10 percentage points.

Patrick Fox, Grocer, Inc.

Patrick Fox has a grocery store just down the street from Ian Rich, Grocer, Inc. These two grocers really despise each other. Patrick's main method of competition is to look at Ian's prices and match or beat them. Price-conscious shoppers seem to know that prices are always a bit better in Patrick's store.

Relations are so bad that Ian brings out his "Patrick-beating stick" when Patrick comes over to spy on Ian's prices. Therefore, Patrick no longer visits Ian's store; he hires people to go over and record all the prices. Patrick has hired you and your friends to find out prices for certain non-food items in Ian's store.

Each of you had to cover two non-food departments in Ian's store. Each department had eight different brands. You posed as a shopper and took down the prices of the brands in your assigned department. Patrick had given you a sheet (Sheet C, D, E, or F) to record these prices. **Do not show your sheet to other students!** Now, all of you have completed your jobs and are meeting together in a coffee shop to write your final report for Patrick.

Patrick has given you the information from the last time he sent spies to Ian's store (Sheet G). Each of your group members will take turns explaining his or her information to the others. **Do not show your sheet to other students!** You must communicate these changes verbally. Fill in the blanks on Sheet G when other students are presenting their information.

The main objective of this Patrick Fox unit is for you to practice various grammatical structures that describe increases and decreases. Try to use as many structures as possible. Practice speaking with:

- Different verbs for "increase" and "decrease."
- Active and passive sentences.
- Prepositions "to," "by," and "by ___%";
- Long and short forms for British currency.

Pay attention to terms for increases and decreases used by your fellow classmates. Let these language structures become an automatic part of your business English.

If you need a few minutes to prepare some sentences, let the instructor know.

