

Business size and growth

Once a firm is established in a market it is common for its owners to grow the business. How might a company grow?

Internal growth is when a firm expands without involving other businesses. Organic growth means that the firm expands by selling more of its existing products. This is often a slow process and could be done by selling to a wider market.

External growth is a faster method of growth. This can be by acquisition or takeover of other businesses or by merging with a competitor. A takeover is when one company takes control of another. A merger usually means that two companies have agreed to join together and create a new company.

Here's why businesses need to grow:

Survival

In some industries firms may not survive if they remain small. Staying small might mean that costs are too high. They may not be able to compete with larger rivals. Also, small firms may be taken over by a larger firm.

Gain economies of scale

As firms grow in size they will also enjoy economies of scale. This means that unit costs will fall and profits will improve.

Increase future profits

By growing and selling larger volumes, a firm will hope to raise profits in the future.

Increase market share

Larger firms may be able to dominate the market. For example, they might be able to raise prices or control part of the market. Some staff may enjoy the status and power associated with a high market share.

Reduce risk

Risk can be reduced through diversification. Branching out into new markets and new products means that if one product fails, success in others can keep the company going.



Ex. 1 Match these Polish expressions to their English equivalents:

<ol style="list-style-type: none"> 1. wzrost 2. rynek 3. przejęcie 4. konkurent 5. jednostka 6. zysk 7. władza 8. ryzyko 	<ul style="list-style-type: none"> ▪ acquisition ▪ competitor ▪ growth ▪ market ▪ power ▪ profit ▪ risk ▪ takeover ▪ unit
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Ex.2 Combine the expressions from the two columns to form collocations as in the text:

- | | |
|----------------|----------------------|
| 1. to branch | a new company |
| 2. to compete | in size |
| 3. to create | market share |
| 4. to dominate | out into new markets |
| 5. to enjoy | profits |
| 6. to grow | the market |
| 7. to increase | the status and power |
| 8. to merge | to a wider market |
| 9. to raise | with a competitor |
| 10. to sell | with large rivals |

Ex.3 Translate the expressions above into Polish.

I know English idioms!

In this lesson we could read about how businesses grow. This fact is inseparably connected with the idea of making progress, moving forward which in English can be expressed with the idiom:

- to gain ground (= odnosić coraz większy sukces)

e.g. Our company is gaining ground trying to become the best brand in the industry.

Phrasals, phrasals...

The key word of this lesson is "growth" and the corresponding verb "to grow". It's one of the most important verbs when we describe trends and changes and it's necessary to remember that "to grow" is the ONLY correct form, e.g.

Our profits are growing month by month.

However, students of English have a tendency to add to this verb the particle "up" and say "to grow up". This verb exists but it has a completely different meaning: to become older (dorastać)! e.g.

He grew up in a poor family but later become a millionaire.

Remember than the difference and don't say "grow up" about market trends!

Grammar corner

One of the sentences from this lesson's text reads: "Internal growth is when a firm expands without involving other businesses." The sentence uses an interesting structure, composed of the preposition "without" and -ing form: "without doing (here: involving)". As such it can be generally translated as: "nie robiąc czegoś" or "bez robienia czegoś".

Ex. Say these sentences in English using the structure with the structure "without doing":

1. Odpowiedział, nie czekając na pytanie.
2. Nie znając całej sprawy (case), próbowali mi pomóc.
3. Zrobiła to bez wahania (hesitate).

GLOSSARY	
size	rozmiar, wielkość
growth	wzrost, rozwój
to be established	zostać założonym
market	rynek
common	powszechny
owner	właściciel
to grow	rozwijać
internal	wewnętrzny
to ex pand	rozrastać się
without involving	bez angażowania
exisiting	istniejący
wider	szerszy
external	zewnętrzny
faster	szybszy
acquisition / takeover	przejęcie
to merge with	połączyć się z
competitor	konkurent
to join together	połączyć się
survival	przetrwanie
industry	branża
to remain	pozosta(wa)ć
to mean	oznaczać
to compete	konkurować
rival	rywal, konkurent
economy of scale	ekonomia skali
unit cost	koszt jednostkowy
to improve	poprawiać się
to increase	zwiększać
profits	zyski
volume	ilość
to raise	zwiększać
market share	udział w rynku
to dominate	dominować
power	władza
associated with	powiązany z
to reduce	zmniejszać
risk	ryzyko
diversification	dywersyfikacja
to branch out into	przerzucić się na, przebranżowić
to fail	odnieść porażkę

ANSWER KEY

Ex.1

1. wzrost	growth
2. rynek	market
3. przejęcie	acquisition/takeover
4. konkurent	competitor
5. jednostka	unit
6. zysk	profit
7. władza	power
8. ryzyko	risk

Ex.2 & 3

- | | |
|-----------------------------------|--|
| 1. to branch out into new markets | - tu: wejść na nowe rynki |
| 2. to compete with large rivals | - konkurować z dużymi rywalami |
| 3. to create a new company | - stworzyć nową firmę |
| 4. to dominate the market | - (z)dominować rynek |
| 5. to enjoy the status and power | - cieszyć się statusem i władzą |
| 6. to grow in size | - rosnąć pod względem fizycznych rozmiarów |
| 7. to increase market share | - zwiększyć udział w rynku |
| 8. to merge with a competitor | - połączyć się z konkurentem |
| 9. to raise profits | - zwiększać zyski |
| 10. to sell to a wider market | - sprzedawać na szerszym rynku |

Ex. Grammar corner

1. He answered without waiting for the question.
2. Without knowing the whole case, they tried to help me.
3. She did it without hesitating.