

Chapter 4

Company Presentation

Outline

1. Company profiles
2. Company structure
 - 2.1 A line structure
 - 2.2 A staff structure
 - 2.3 A functional structure
 - 2.4 A matrix structure
3. Reading: The House of Gucci

Main Ideas

1. Company profiles present or summarize data relevant to the company.
2. Company structure indicates the positions existing and how these positions relate to one another.
3. Reading "The House of Gucci" will enhance your understanding of the company profile and its success or failure.

Objectives

Students will be able to

1. ask and answer about the company and its products,
2. explain an organizational chart of a company, and
1. criticize the management strategies that lead to success or failure.

In a competitive business world, it is necessary that companies present themselves as best they could. Most companies have multi-color, attractive and informative brochures to make themselves known. Many put their companies' profiles in the website. Easy access to the company and its products certainly help boost up its image as well as its sales. As an employee in a certain company or organization, you need to know your own company's profile, its organizational structure and the relationship among existing positions. The knowledge of all these will enhance your effectiveness in performing the tasks you are responsible for.

1. Company profiles

In order to publicize the company and its line of business, the company will organize a summary of data relating to its founder (s), its establishment, its expansion, its merger with other companies (if any), and its products. The following are some examples of company profiles.

A.

History

Tommy Delicious was established in 1875 by Thomas and Jane Mathews. It remained in the family until it was sold in the late 1970's to Apricot Sweets.

In 1995, Sweets International bought the Tommy Delicious confectionery business from Apricot Sweets and changed its name to Tommy Sweets International. In 2001, Tommy Sweets International purchased Empire Confectionery, manufacturers of pectin fruit gels.

Tommy Sweets International is a fifth generation privately owned company, and is North America's largest confectioner and a leading fruit processor.

Tommy Fruit Glaze and Mints

Tommy Sweet is North America's oldest and most respected confectionery brand. Tommy Fruit Glaze and Mints have been manufactured since the early 1900's

making them one of the longest surviving confectionery products in North America. The company also manufactures a wide range of other popular confectionery products.

Tommy Fruit

Under the Tommy Sweets brand, the company processes dried fruit, glaci fruit, fruit slices and logs as well as unique fruit based confectionery.

Outlets

Petaluma Factory Outlet

638 Sixth Street

Petaluma CA 94952

Tel. 915-718-2536

Grove Street Factory Outlet

3948 Grove Street

Kansas City, MO 64112

Tel. 816-473-4930

Rancho Plaza

102 Rancho Coati Drive

White Plains, NY 10604

Tel. 914-843-4905

B.

Corporate Information

Brief Overview:

Rachel Stevens Inc. was founded in 1958 by original partners Rachel Stevens, Ruth Penque, Leonado Cairns and Rula Quest.

Rachel Stevens Inc. designs and markets an extensive range of women's and men's fashion apparel and accessories appropriate to wearing occasions ranging from casual to dressy. The company also markets fragrances

for women and men. Rachel Stevens Inc.'s brands include Stevens, Nice, Autumn, Leonado, Excel, and Quest. The company holds the exclusive, long-term license to produce and sell men's and women's collections of RPIN@jeans and RPIN@Casual, as well as RPIN workout ® better women's sportswear in the western hemisphere. The company also has the exclusive license to produce and sell women's sportswear the Williams Club Indiana, Healthy Body.com and Quest Unlimited brand names.

C.

Corporate History

Kathy Drinks, Inc. was founded in 1959 by Katherine Richards, president and chief executive officer of Kathy Energetics and George Hicks, chairman and chief executive officer of Hicks Snacks, through the merger of the two companies. Kathy Energetics was created in the late 1870s by James Fairfield, a Texan pharmacist. Hicks Snacks, Inc. was formed by the 1920 merger of the Herbs Company, founded by Christine Herbs in 1896, and the Hicks Sweets company, founded by John Hicks, also in 1896. George Hicks is chairman of the Board of Directors of the new company; Katherine Richards is president and chief executive officer. The new company reports sales of \$480 million and has 17,000 employees.

Activity 1A

Write a complete sentence using the given words.

1. establish _____
2. remain _____
3. family owned _____
4. leading _____
5. unique _____
6. design _____
7. exclusive _____

- 8. merger _____
- 9. appropriate _____
- 10. extensive _____

Activity 1B

Write a correct word from the scrambled letters in each item.

- 1. i r f e p o l = _____
- 2. u r f e d o n = _____
- 3. r c e h o r u b = _____
- 4. s e b e i w t = _____
- 5. g e m e r r = _____
- 6. m o c e p i t n t o i = _____
- 7. a s l s e = _____
- 8. m e l e p o e y = _____
- 9. a g n e r = _____
- 10. n i c e s l e = _____

2. Company structure

A chart indicating what positions exist and how these positions are related to one another is a necessity in any organization. The authority and responsibilities of personnel are also shown. In order to work effectively, you must orientate yourself well enough to understand the office professional's place, authority, and responsibilities in your organization.

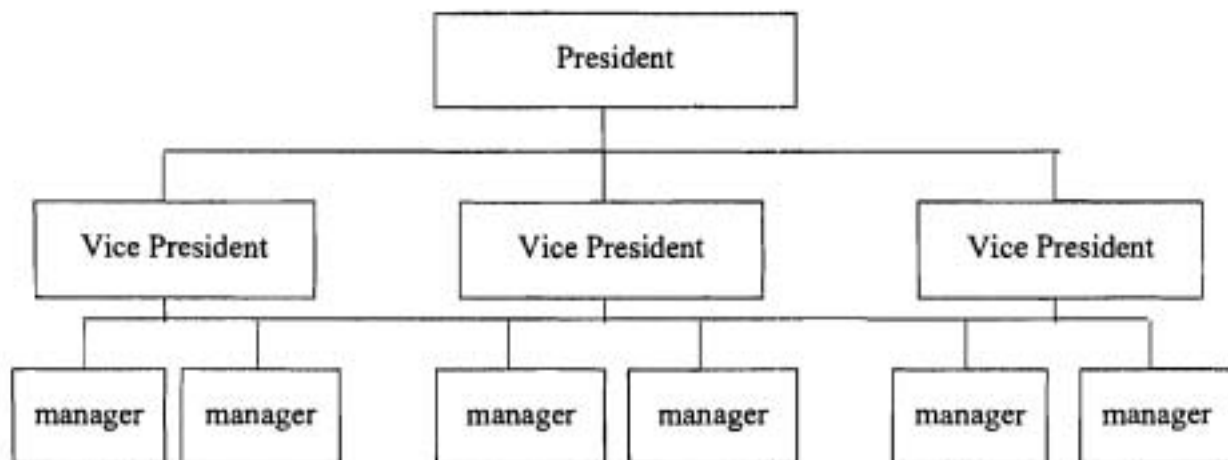
The company structure can be divided as follows.

1. A line structure

This is the most common structure with a pyramid form. In an organization with a line structure, management has direct authority over, and is responsible for, the

performance of all workers reporting to them. The president is at the apex of the structure. There is a clear line or chain of command running down the pyramid. All the people in the organization know what decisions they are able to make, who their boss is, to whom they report, and who their immediate subordinates are, to whom they can give instructions.

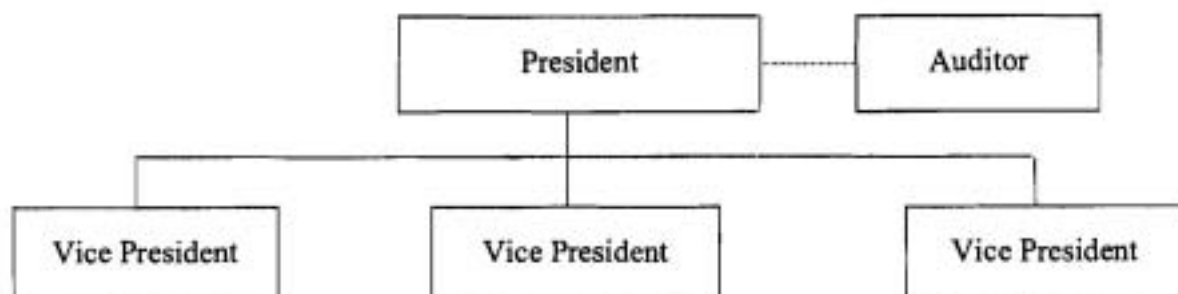
The chart showing a line structure is the following.



2. A staff structure

In a staff structure, assistants are assigned to executives; for example, there might be an Assistant to the Marketing Manager. This is known as a staff position. These assistants handle specific advisory responsibilities, such as research, planning, accounting, distribution, public relations, and industrial relations. They have no line of authority, and are not integrated into the chain of command. Staff positions are usually designated by a dotted line on the organization chart.

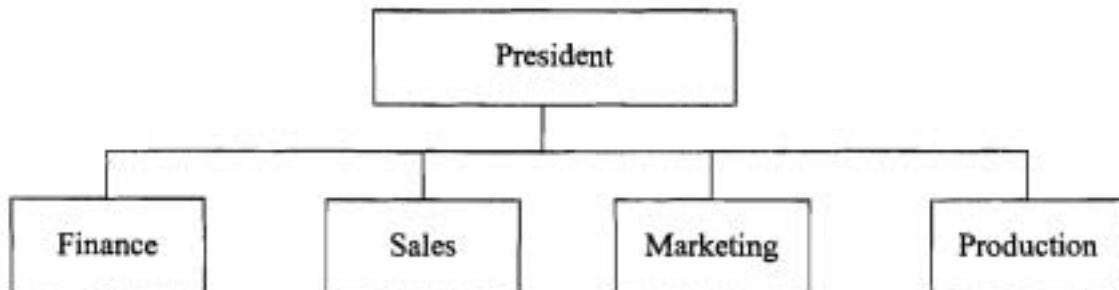
A staff structure is as follows.



3. A functional structure

An organization chart arranged by function breaks the enterprise into groups involved in a single class of activity, such as production, finance, marketing, sales, and personnel, or staff departments. This means, for example, that the production and marketing departments cannot take financial decisions without consulting the finance department.

A functional structure is as follows.

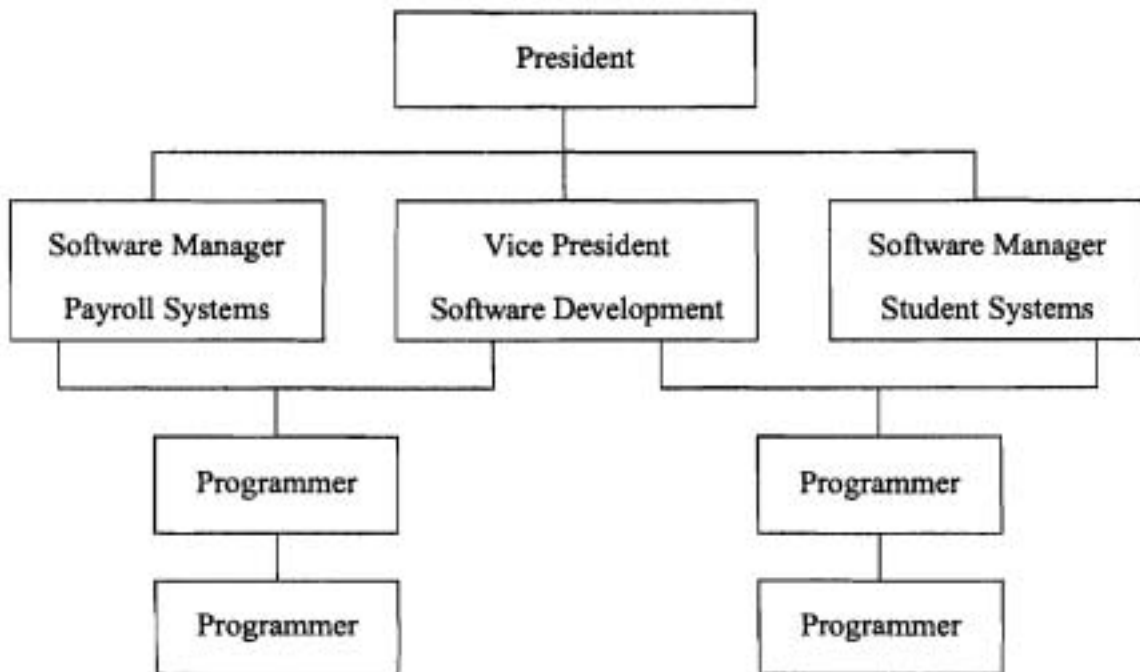


4. A matrix structure

In matrix management, an employee reports to more than one superior: the person in charge of the particular project or product on which the employee is working, and the person in charge of the particular area in which the employee works. For example, a product manager with an idea might be able to deal directly with managers responsible for a certain market segment and for a geographical region, as well as the managers responsible for the traditional functions of finance, sales and production. In a high-tech company, a software design specialist may report to both the manager of the product on which the specialist is working and the manager of software for the organization.

This structure is complex. It often works best when employees and management are well educated and professionally oriented and the company is small.

A matrix structure is below.



An organization chart shows lines of authority and the relationships among employees. It provides a view of the general structure, serves as a historical record of organizational changes, serves as information for orienting new employees and can be a work plan for expanding a business as well.

The organization chart may be a simple line chart of job titles or a more detailed chart that includes titles, job responsibilities, and photos of the top company executives.

Activity 2A

Match the words on the left with the definitions on the right.

- | | |
|----------------|--|
| 1. authority | a. high or higher in order, status, rank, etc. |
| 2. subordinate | b. to give an order or orders to |
| 3. autonomous | c. to seek an opinion from |

- | | |
|---------------|---|
| 4. orientate | d. the power or right to give commands, take action or make final decisions |
| 5. superior | e. having self-government |
| 6. command | f. a business venture or company |
| 7. integrated | g. inferior to or placed below another in rank |
| 8. consult | h. not simple, involved or complicated |
| 9. enterprise | i. to part or bring (parts) together into a whole, unify |
| 10. complex | j. to adjust to a situation; to familiarize with |

Activity 2B

Use the following words or phrases to write a complete sentence.

- | | |
|--------------------------|-------|
| 1. to consist of | _____ |
| 2. to be in charge of | _____ |
| 3. to be responsible for | _____ |
| 4. to support | _____ |
| 5. to include | _____ |
| 6. to be divided into | _____ |
| 7. to be composed of | _____ |
| 8. to be improved by | _____ |
| 9. to run the risk of | _____ |
| 10. to be efficient | _____ |

3. Reading: The House of Gucci

Pre-Reading Activities

1. Name at least one up-market or upscale department store in Bangkok that sells expensive fashions.
2. What are the four main fashion capitals of the world?
3. What do you understand by the term haute couture?
How is it different from the ready-to-wear market?
4. Name as many of the top fashion houses as you can.
5. With what products do you associate the firm of Gucci?

The House of Gucci

It is difficult to believe that only a few years ago the fashion house of Gucci was on its knees, circled by predators, characterized by gaudiness and ridiculed for producing cheap, low-quality goods. But then it is difficult to believe anything about Gucci. Its story, like its clothes, tend to go **over the top**.

Nowadays, however, no-one is complaining, least of all investors, since Gucci's sales figures have never been better. This year's projected revenue of \$2.2 billion will add to an already enormous war chest of \$2.5 billion to expand its empire.

Since last year it has bought up a string of fashion gems, including Sanofi Beaute, which controls the Yves St. Laurent fashion house. And Armani could be next. So desirable has the label become that Gucci itself is the prize in a huge struggle between two global giants which could transform the fashion industry landscape.

In the unpredictable industry of fashion, few houses have experienced so many ups and downs as Gucci. Seven years ago it was a disaster, a mismanaged dinosaur, and an out-of-date style which sent customers flocking to Louis Vuitton.

Warehouses were full of unwanted shoes, handbags, scarves and belts just as Prada and other Italian fashion houses were gaining in popularity. Journalists no longer attended its shows, staff went unpaid and suppliers despaired. Gucci had committed the unforgivable sin: it had gone downmarket.

Greedy for quick cash, it sacrificed exclusivity by licensing its brand too cheaply to too many products. Run-down shops all over the world were selling its pens, lighters and other accessories. Anyone could have Gucci, so gradually no one wanted it. But the story of how it got there and managed to recover, according to one lawyer, reads an ancient Greek tragedy or, more accurately, like a modern-day soap opera.

It all started in 1921, when Guccio Gucci, back in Florence after a short period of washing dishes at London's Savoy Hotel, opened a leather goods shop for rich Edwardian customers. By the 70s, his sons Rudolfo and Aldo, a tyrant and charmer,

were opening stores on Rodeo Drive and Fifth Avenue in the U.S. Gucci had come to symbolize status on three continents.

New York Magazine named its store the rudest in town and still the rich queued up for such fashion icons as the bamboo-handled bag, the Flora scarf and horse-bit moccasin. Why not? They were good enough for Ingrid Bergman, Elizabeth Taylor, Jacqueline Kennedy and Sophia Loren.

"We are not businessmen, we are poets," boasted Aldo, but the family-run business had become a retailing goldmine characterized by a great deal of infighting. Rudolfo and Aldo fought for control through shifting boardroom alliances and betrayals. The meetings were heated, sometimes violent, but that was nothing compared to the next generation. Aldo was jailed at the age of 81 when his son Paolo informed the authorities about his tax evasion. Rudolfo's son Maurizio gained control in the 80s and totally ruined the company.

Charming and creative but a useless manager, one mistake followed another, but that did not stop Maurizio and his wife Patrizia from enjoying a jet-setting lifestyle. "I would rather cry in a Rolls Royce than be happy on a bicycle," Patrizia is quoted as saying. Unfortunately, this is a choice that will be unavailable to her for 20 years – the time it will take her to serve a sentence for Maurizio's murder in 1985. He was shot dead on the steps of his Milan office by a gunman hired by his wife, apparently unhappy at a \$1 million divorce settlement.

Gucci window displays showed a pair of silver handcuffs after her conviction, but even before his death Maurizio had lost the company, dumped by his backers, Investcorp., a private investment firm.

Inheriting a history of loose licensing and a cheapened brand, Gucci started to fight back, finally free of its feuding founder family. De Sole, the chief executive, restricted sales to wholly-owned Gucci stores, whose luxurious surroundings gave the products added value. Every aspect of image was controlled. Calvin Klein and other

brands that had made the same mistake followed their example. Slowly the company regained a sense of exclusivity.

An in-house designer Tom Ford, adapted the classic look, making it sexier. "I pushed Gucci as far as I could," he said, "I couldn't have made the heels any higher or the skirts any shorter." He wooed the Hollywood set while De Sole made deals, and the company thrived. The style was too much for many, but each season brought new fans. Last year the giant conglomerate known as LVMH Louis Vuitton Moet Hennesy shocked the industry by making a hostile takeover bid, offering the sum of \$8.5 billion, up to eight times that of sales.

In a fierce battle, Gucci fought back by allying itself with the French company Pinault Printemps Redoute. Last week, however, a Dutch judge ordered a review of the alliance and LVMH is preparing for another showdown.

De Sole is confident that the attack can be defeated now that Gucci has learned its lesson. "Whatever we do will be with full respect to the brand; otherwise, we won't do it."

Betrayal, murder, money and power, this is the background to this month's summer collection in Milan. Last season, Ford said he was done with flashy styles and was now into a more toned down look. No matter. **His** collections are a huge success, and in this industry nothing is sexier than that.

Glossary

1. on one's knees = defeated or beaten
e.g. At the end of WWII, Germany was **on its knees**.
2. predators = people who live by robbery or seizing the property of others
e.g. Once she inherited her father's millions, she was surrounded by **predators** who wanted to get their hands on her money.
3. gaudiness = (being) too bright and/or with too many details to ornament it /showy
e.g. When she visited Elvis's old home "Graceland," she was surprised at its **gaudiness**.
4. ridicule = laugh at / make fun of
e.g. The other parties **ridiculed** the P.M.'s plans for a 30-baht health scheme as a tactic to win votes.
5. sexy = (here) attractive / appealing
e.g. Suddenly, it has become very **sexy** to be a lawyer.
6. revenue = income
e.g. The government earns a great deal of **revenue** from tourism.
7. war chest = a large reserve of; money used to expand a company or make new acquisitions
e.g. Microsoft has a **war chest** of billions to fund research and make new acquisitions.

8. landscape = the way something looks and functions/all the features that are important in a particular situation and which give it a unique character
e.g. The political **landscape** in Thailand has changed a lot over the past two decades.
9. dinosaur = too large and out of date
e.g. There are many who believe that Choochat is a political **dinosaur**.
10. paralyze = cause to stop working / make ineffective
e.g. The floods **paralyzed** transportation for a whole week.
11. infighting = competition or disagreement, often bitter, which goes on between members of a group e.g. partners in a company or organization
e.g. **Infighting** caused the party to lose the election.
12. flock = to gather or move in large numbers or crowds / arrive in large numbers.
e.g. People from Isarn **flock** to Bangkok in search of work.
13. bound ahead = leap or jump ahead/make tremendous progress
e.g. During the 70's the Japanese economy **bounded ahead**.
14. despair = to give up all hope
e.g. In the 90's many Thais began to **despair** that the Thai economy would ever recover.

15. sin = to commit a sin = to do a very bad thing
e.g. If you lie, you are committing a **sin**.
16. downmarket = sell to the lower end of society (of goods and services
= cheap and not of very good quality)
e.g. Pata is more of a **downmarket** department store.
17. sacrifice = to give up
e.g. His parents **sacrificed** their own comfort to send him to the U.S. to study.
18. exclusivity = not being shared with other/charging a lot of money
so as to exclude people who are socially unacceptable.
e.g. The Polo Club in Bangkok is noted for its **exclusivity**.
19. run-down = old and broken or in bad condition
e.g. They bought a **run-down** old warehouse and turned it into a successful discotheque.
20. accessories = the hats, shoes etc. that complete a woman's clothes
e.g. Imelda Marcos had a room full of **accessories**, including hundreds of pairs of shoes.
21. tyrant = as person who rules cruelly and unjustly
e.g. Despite Stalin's friendly, fatherlike appearance, he was a cruel **tyrant**.
22. nominate = name somebody or something for some reason or purpose

- e.g. For her role as Erin Brockovich, Julia Roberts was **nominated** for an Oscar.
23. rude = impolite
e.g. It is **rude** to talk with food in one's mouth.
24. icon = something / somebody that is an important symbol of something
e.g. Elvis is the original rock'n roll **icon**.
25. goldmine = a successful business or activity that makes a large profit
e.g. Making illegal CDs is a **goldmine**.
26. alliance = a close agreement between countries, groups, families etc.
e.g. The **alliance** between Shin Corporation and Ericsson has proved profitable.
27. betrayal = being unfaithful or disloyal to
e.g. Samak could not forgive the young politicians for their **betrayal** in voting against him.
28. evasion = avoidance (of doing something)
e.g. The FBI charged a number of mafia members with **tax evasion**.
29. jet-setting = of rich, successful people who travel every where by jet
e.g. Jackie Onassis was known for her **jet-setting** lifestyle.

30. conviction = being found guilty of a crime
e.g. Hurricane Carter's **conviction** for a murder he did not commit was unfair.
31. dump = to get rid of something or somebody that you do not want
e.g. They voted to **dump** him as chairman of the board.
32. backer = financial supporter
e.g. He is looking for new **backers** for his e-business.
33. inherit = if you inherit something such as a task or problem, you get it from the people who used to have it (e.g. because you have taken over their job etc.)
e.g. Russia **inherited** serious economic problems from previous communist regimes.
34. feud = engage in a quarrel that last over a long period of time
e.g. Romeo and Juliet's families had been **feuding** for generations.
35. in-house = working in or employed by the company/produced by a company for the consumption of its employees
e.g. The company produces its own **in-house** magazine.
36. woo = to try to encourage people to help or support you by promising them something they would like
e.g. The Thai government tried to **woo** the Burmese by promising to support their attempt to join ASEAN.
37. thrive = (of business, the economy etc.) to do well, to be in a healthy state

- e.g. Business in the Shenzhen economic zone is **thriving**.
38. conglomerate = a large business firm consisting of several different companies
e.g. Nabisco is a huge international food **conglomerate**.
39. takeover bid = an attempt (bid) to take over a company; if a bid is hostile, then someone tries to take over a company against the wishes of the latter.
e.g. The company was the target of a hostile **takeover bid** by a large multinational company.
40. ally with = to join forces with someone, another company, country etc.) in order to give mutual support.
e.g. Ford has **allied itself with** Toyota.
41. showdown = a big argument or conflict that is meant to settle a dispute that has lasted for a long time
e.g. Many feel that there will be a **showdown** between the West and Southeast Asia over the fact that Burma will assume the chairmanship of ASEAN next year.
42. flashy = smart and noticeable in a rather offensive way
e.g. Britney Spears is noted for her **flashy** clothes.
43. toned down = made less forceful, less bright or strong
e.g. The singer and comedienne, Bette Midler, used to tell some extremely blue jokes on stage; now however, she has **toned down** her act.

Activity 3A

Vocabulary Quiz: Fill in the blanks in the following sentences with words from the list below. Make any grammatical changes that might be necessary.

downmarket	upscale	goldmine	landscape	showdown
woo	tone down	thriving	betrayal	revenue
alliance	paralyzed	run-down	backer	inherited

1. Gorbachev completely changed the political _____ of the USSR
2. In the 80s, the Thai economy was _____, but has since entered a recession.
3. The Emporium caters to a/an _____ clientele.
4. Taksin attempted to _____ voters with his million baht per tambon scheme.
5. The floods in South Thailand completely _____ road and rail transportation for days.
6. He would like to set up his own company but doesn't have enough money, so he's looking for a _____.
7. Two weeks ago came the _____ between the PM, Taksin Shinawatra, and the Counter-Corruption Commission.
8. The _____ between Charoen Pokphand and General Foods has proved quite profitable.
9. Since the angry exchange of words between Rangoon and Bangkok, the Burmese government has begun to _____ its comments about its neighbor.
10. Thailand earns a considerable amount of _____ form tourism.
11. This area used to be quite _____, full of old shophouses and slums; now it is a busy modern shopping center.
12. Although it didn't make much money at first, the modeling agency he opened has turned out to be a real _____.

13. Pratunam and Chatuchak Park are more _____ areas in that that's where ordinary Thais go shopping for bargains.
14. His business empire collapsed because of infightings and _____ from members of the Board of Directors.
15. The Smiths became tycoons since they _____ the automobile manufacturing business from their grandparents.

Activity 3B

Choose the best answer.

1. One can infer from paragraph one that _____ .
1. clothes from Gucci are top class 2. one cannot trust stories about Gucci
3. Gucci's revived over the past decade 4. Gucci was the target of competitors
2. The phrase "over the top" (paragraph 1, last line) most probably means _____ .
1. the best of the best 2. really extreme
3. in intense colors 4. extremely expensive
3. One can infer from paragraph two that Gucci has a large amount of cash on hand to fuel its future expansion. T / F
4. One can infer from paragraph three that Gucci _____ .
1. has gone into the jewelry business 2. has bought the Armani company
3. itself is the target of a takeover 4. was recently taken over by Sanofi
Beaute
5. Which of the following is NOT true regarding paragraph four?
1. The fashion industry is unpredictable.
2. The Gucci company was behind the times.
3. Gucci was the victim of mismanagement.
4. Gucci sent its customers over to Louis Vuitton.

6. The main idea of paragraph five is that _____ .
1. Gucci had a lot of unsold stock
 2. other fashion houses were doing well
 3. Gucci's staff and suppliers were unhappy
 4. Gucci lost customers by going downmarket
7. Which of the following can one **NOT** infer from paragraph six?
1. Gucci products were available to anyone, not only the rich.
 2. Gucci's licensing policy was dictated by its lack of cash flow.
 3. The company was, tragically, taken over by Greek competitors.
 4. Shops around the world selling Gucci products were less than appealing.
8. One can infer that the next section of the article will deal with _____ .
1. the reason's underlying the company's greed
 2. the company's history in some detail
 3. Gucci's search for an exclusive clientele
 4. the results of its short-sighted licensing policy
9. The next four paragraphs deal with the Gucci family's management of the company. In the press, they were often referred to as the "terrible Tuscans." give as many examples as possible of their scandalous habits.
-
-
-
10. What was the significance of the silver handcuffs displayed Gucci shops around the world?
-
-
-

11. What steps did De Sole take to restore the company's fortunes?

.....
.....
.....

12. In what way did Tom Ford's approach mirror Gucci's success in the 70s?

.....
.....
.....

13. The word "His" (last paragraph, line 3) refers to _____.

- | | |
|---------------|---------------|
| 1. De Sole's | 2. Aldo's |
| 3. Maurizio's | 4. Tom Ford's |

14. One can infer from the final paragraph that _____.

1. Tom Ford's new designs are sexier than ever
2. no one does flashy fashions better than Tom Ford
3. Ford's new designs are less openly sexy than before
4. murder and scandal immediately preceded this month's show

15. The best title for this passage would be _____.

- | | |
|--------------------------------------|--|
| 1. The Story of Guccio Gucci | 2. The Downs and Ups of Gucci |
| 3. Gucci's Line of Exclusive Clothes | 4. The Terrible Tuscans: The Gucci Story |

*There are no short cuts to "being the best,"
it always involves big dreams and the unwavering
commitment to pay the price through discipline
and hard work,*