

# Contents

<b>Unit 1 Business models</b> .....	<b>1</b>
Text A Why ecosystem firms are the future .....	2
Text B Why customer loyalty programs can backfire .....	10
<b>Unit 2 Diversity and inclusion</b> .....	<b>17</b>
Text A Diversity and inclusion: Eight best practices for changing corporate culture .....	18
Text B Gender blindness is the real measure of workplace equality .....	26
<b>Unit 3 Compensation and benefits</b> .....	<b>31</b>
Text A Tech companies' selfish reasons for offering more parental leave .....	32
Text B Bartenders get injured all the time—and their employers rarely provide insurance .....	40
<b>Unit 4 Management reform</b> .....	<b>47</b>
Text A Why big business is falling out of love with the annual performance review .....	48
Text B Why now is the time to embrace flexible working .....	56
<b>Unit 5 Digital economy</b> .....	<b>63</b>
Text A Digital economy is reshaping China's economic structure .....	64
Text B The four pillars of successful digital transformation .....	73
<b>Unit 6 Rebranding</b> .....	<b>79</b>
Text A Why do companies rebrand? .....	80
Text B What happens when rebranding goes wrong .....	88

<b>Unit 7 Online security</b> .....	<b>95</b>
Text A China’s Data Security Law .....	96
Text B PRISM and privacy: What could they know about me? .....	105
<b>Unit 8 Mergers and acquisitions</b> .....	<b>111</b>
Text A The Dow-DuPont megamerger: A deal only Wall Street could love .....	112
Text B How to capitalize on M&A .....	120
<b>Unit 9 Business contracts</b> .....	<b>127</b>
Text A Retail distribution agreement—Handspring, Inc. and CompUSA, Inc. ...	128
Text B Philips Healthcare software license agreement .....	137
<b>Unit 10 Business correspondence</b> .....	<b>143</b>
Text A Inquiry and reply .....	144
Text B Complaint and reply .....	153
<b>Unit 11 Business reports</b> .....	<b>159</b>
Text A SWOT analysis of UPS .....	160
Text B PESTLE analysis of Coca-Cola .....	168
<b>Unit 12 Corporate annual reports</b> .....	<b>175</b>
Text A Business highlights in 2022 .....	176
Text B Forging ahead together to ensure sustainable survival—message from the chairman .....	185

# 1

Unit

# Business models



## Lead-in

- 1 Business models are not set in stone and can evolve over time. For example, many companies have shifted from traditional brick-and-mortar retail stores to online sales due to changing consumer preferences and advancements in e-commerce technology. What other popular business models do you know?
- 2 If given a chance to build your own company, which kind of business model would you adopt? Why?

## Text A

# Why ecosystem firms are the future

Steve Denning

**hierarchy** *n.* a system of organization in which people or things are divided into levels of importance 等级制度

- 1 At the Global Peter Drucker Forum in 2019, chairman of Haier Group, Zhang Ruimin, declared that “unless firms transform themselves into ecosystems, they won’t survive.” Yet most big firms don’t even know what an organizational ecosystem is. And even those that do, often lack the agility to implement one.

### Three types of firms

- 2 Firms today fall into three main categories. The traditional value chain firm is the classic, asset-heavy organization. It is structured as a hierarchy and has organized its key activities along the value chain from sourcing to design, manufacturing, and marketing. Value chain firms are run as machines with the goal of maximizing shareholder value. Platform firms orchestrate and facilitate exchanges. They match riders with drivers, buyers with sellers, and travelers with hosts who have an available room.

They develop experience, provide ancillary and related services, and more. Ecosystem firms don't thrive on competition and disruption. Instead, they aim at collaboration, engagement, and cooperation. This model might be more like a rainforest where any party can participate.

### The strengths and weaknesses of platform firms

- 3 The strengths of platform firms are that they scale more quickly than value chain firms and at lower costs. If a traditional hotel wants to expand, it needs to build a new hotel or add a wing to an existing hotel. By contrast, if an online home-sharing firm wants to expand, it merely needs to get more listings, which costs almost nothing. As it adds more listings, it gets network effects. The service becomes more valuable to travelers as selection expands.
- 4 One weakness of platform firms is that they are easy to copy. A relatively young, billion-dollar online mattress firm has experienced this. Competitors proliferated so fast that there are hundreds of mattress firms offering virtually the same service, and consumers can scarcely tell them apart. Similarly, a meal kit firm went public in 2017 at a \$10 share price and with great expectations. Its share price promptly dropped to under \$1. There are now over 150 meal kit firms in the United States.
- 5 Another weakness of platform firms is that some of them, like ride-hailing platforms, for example, do not get the velocity of money boost from network effects that home-sharing platforms do. That's because the demand of ride-hailing platforms is local, and additional riders don't add value for other riders.

### The advantages of ecosystem firms

- 6 By contrast, ecosystem firms can solve a broader set of customer needs. An ecosystem is a way of providing adjacent products or services by collaborating with other firms or business units and sharing data generated on the platform. For instance, Uber is heading in this direction with Uber Eats, Uber Health, and Uber Freight. Warby Parker, a retailer that offers eyewear products, is going beyond the sale of eyeglasses and trying to become "the go-to brand for eye health."
- 7 Ecosystem firms are intentionally organized to generate,

**ancillary** *adj.* relating to or supporting sth. else, but less important than it  
相关的, 辅助的

**wing** *n.* one of the parts of a large building, especially one that sticks out from the main part (建筑的) 侧翼, 侧厅

**network effect** the effect that happens when a product or a service gains value as more people use it 网络效应

**mattress** *n.* the soft part of a bed that you lie on 床垫

**proliferate** *v.* to rapidly increase in number 激增

**velocity** *n.* the speed at which sth. moves in a particular direction 速度

**velocity of money** a measurement of the rate at which money is exchanged in an economy 货币流通速度, 资金周转率

**adjacent** *adj.* next to or near sth. else 邻近的

**lure** v. to persuade sb. to do sth., often sth. wrong or dangerous, by making it seem attractive or exciting  
引诱

**market maker** a firm or an individual who quotes both a buy and a sell price in a tradable asset held in inventory, hoping to make a profit on the bid-ask spread or turn  
造市者

**accommodate** v. to adjust one's plans or behavior to fit the needs of others  
顾及, 顺应

**vertical** *adj.* having a structure in which there are top, middle, and bottom levels  
纵向的

**hurdle** *n.* a problem or a difficulty that you must deal with before you can achieve sth.  
障碍, 困难

facilitate, and benefit from interactions rather than transactions. The model is designed to facilitate communication, engagement, and information exchange among multiple people and groups—from partners, suppliers, developers, and analysts, to regulators, researchers, and even competitors—not just the firm and its customers.

- 8 In this model, individuals and groups are called participants because they engage, share, contribute, comment, benefit, and learn. They are not targets or partners for maximizing profits; they actively contribute to value creation and can communicate with each other through interaction.
- 9 Ecosystem firms do not have to target customers and attempt to lure them in. Participants join voluntarily because they see the value for themselves and understand that the value creation strengthens as more participants come into the field. Velocity creates gravitational pull.

### Three key elements of the ecosystem model

- 10 Three key elements enable the ecosystem model. The mindset is focused on problem-solving, value creation, and shared wealth. Instead of trying to bring partners all under one roof, and leveraging, controlling, and optimizing them, the ecosystem model seeks to create interactions with ecosystem participants and market makers.
- 11 The operating model is not about competing with competitors, defending assets, preserving brands, setting up barriers to entry, or seeking protection for practices and markets. It runs on collaboration and collective engagement. Winning comes from sharing. Rather than pushing products and images out from the firm to the market, the firm seeks to attract people and partners into its field through gravitational pull.
- 12 The firm structure is that of a network that brings in participants from well beyond the firm's traditional organizational boundaries, and enables and orchestrates interactions among participants. The structure is flexible, so that it can accommodate new participants of different types with different needs.
- 13 A vertical hierarchy of authority is incompatible with an ecosystem—one of the key hurdles facing traditional firms

that aim to become ecosystems. This is the reason why most traditional firms lack the agility to implement the ecosystem model: They have yet to shift from a hierarchy of authority to a network of collaboration within the firms, let alone with external partners.

### The example of John Deere

- 14 A good example of the ecosystem model is the \$30 billion agricultural equipment firm, John Deere. Founded in 1837, John Deere manufactures and assembles big machines in factories, many of which are located in the United States. Its primary customers are farmers, but John Deere also serves the government and military markets, the construction industry, and home and lawn care. It sells through a huge network of dealers and parts suppliers worldwide. But farm equipment also includes modems, Wi-Fi, and Bluetooth to facilitate two-way communication. The tractor collects data from the farm and sends it to the cloud. The cloud also sends instructions from John Deere, dealers, and software providers to the tractor.
- 15 For John Deere, most participants in the nucleus are farmers. But there are others in the ecosystem such as independent seed producers with whom John Deere shares data to help improve its products. There are also market makers who influence the interaction velocity of the field. In the case of John Deere, one market maker is the U.S. Department of Agriculture.
- 16 In the ecosystem, farmers can configure their John Deere equipment with a variety of add-on sensing devices that monitor and collect real-time readings about the various functions of each machine as well as environmental factors, such as air temperature and soil conditions. The result is precision tillage, so that every single seed would be planted in exactly the right place, with the right nutrients. The vehicle telecommunications software offered by John Deere transmits the information collected by the sensors in the field to a centralized farm management system.
- 17 Unlike a value chain firm that is vulnerable to market conditions and competitors' actions, an ecosystem firm is self-sustaining and gains velocity as its participants contribute to, improve upon, and expand its offerings and as the firm attracts new participants

**modem** *n.* a piece of electronic equipment that allows information from one computer to be sent along telephone lines to another computer  
调制解调器

**tractor** *n.* a strong vehicle with large wheels, used for pulling farm machinery  
拖拉机

**nucleus** *n.* a small, important group at the center of a larger group or organization  
中心

**configure** *v.* to arrange sth., especially computer equipment, so that it works with other equipment  
配置, 设定

**reading** *n.* a number or an amount shown on a measuring instrument (测量仪器上的) 读数

**tillage** *n.* the activity of preparing soil for planting by breaking up and turning it over  
耕作

**self-sustaining** *adj.* able to continue in a healthy or successful state without help from anyone or anything else  
自给的

to the field. This also means it can often avoid the kind of up-and-down cycle characteristic of value chain firms. Time will tell whether such unprecedented hopes will materialize in real life.

## Notes

---

### 1. **Global Peter Drucker Forum**

It is an international management conference focused on the management philosophy of Peter Drucker, a management professor, writer, and consultant. It is held annually in November in Vienna, bringing together global business leaders and scholars to discuss management practices.

### 2. **asset-heavy organization**

An asset-heavy organization typically has a large investment in physical assets such as property, plant, and equipment. The organization often relies on these tangible assets to generate revenue and operate its business. Examples of asset-heavy organizations include manufacturers, construction firms, and utility firms.

### 3. **Unlike a value chain firm that is vulnerable to market conditions and competitors' actions, an ecosystem firm is self-sustaining and gains velocity as its participants contribute to, improve upon, and expand its offerings and as the firm attracts new participants to the field.**

This is a complex sentence explaining the difference between a value chain firm and an ecosystem firm. In the sentence, “unlike ...” is a prepositional phrase, showing the drawback of a value chain firm. The main clause, “an ecosystem firm is self-sustaining and gains velocity,” together with two adverbial clauses introduced by “as,” shows the dynamic and strength of an ecosystem firm.



# Understanding the text

---

## 1 Decide whether the following statements are true (T), false (F), or not given (NG) according to the text.

- \_\_\_ 1. Platform firms aim at collaboration, engagement, and cooperation.
- \_\_\_ 2. Platform firms expand more quickly and at lower costs in contrast to value chain firms and ecosystem firms.
- \_\_\_ 3. Uber adopts the ecosystem model and solves a broader set of customer needs.
- \_\_\_ 4. Individuals and groups are not targets or partners for maximizing profits but active participants in the ecosystem model.
- \_\_\_ 5. The structure of the ecosystem firm is fixed, but it can accommodate new participants of different types with different needs.
- \_\_\_ 6. Traditional firms tend to have a vertical hierarchy of authority.
- \_\_\_ 7. Self-sustaining ecosystem firms are able to avoid the up-and-down cycle characteristic of value chain firms.

## 2 Discuss the following questions.

- 1. What are platform firms? What are the strengths and weaknesses of platform firms?
- 2. How does the ecosystem model work?
- 3. According to Para. 13, why do most traditional firms lack the agility to implement the ecosystem model?
- 4. Do you know any Chinese firms that adopt the ecosystem model?
- 5. What do you think might be the drawbacks of the ecosystem model?

# Language work

## 1 Match the phrases with their meanings.

1. transform ... into	A. to distinguish between two or more things or people
2. thrive on	B. to completely change sth. into a different form or state
3. tell ... apart	C. not able to exist or work with another person or thing because of basic differences
4. go public	D. to become successful or happy in a particular situation
5. incompatible with	E. to become a public company by selling its shares on the stock exchange

## 2 Complete the following sentences with the proper form of the phrases from the above exercise.

1. The new software update is \_\_\_\_\_ the existing hardware, so a system upgrade is required.
2. The company is planning to \_\_\_\_\_ its traditional retail model \_\_\_\_\_ an online platform.
3. The new product line is \_\_\_\_\_ the growing demand for eco-friendly products.
4. It's highly important to be able to \_\_\_\_\_ customer complaints \_\_\_\_\_ from constructive feedback.
5. Following years of growth and success, the company decided to \_\_\_\_\_ to provide people with more options to invest.

## 3 Translate the following expressions into Chinese.

1. an organizational ecosystem
2. a value chain firm
3. maximize shareholder value
4. a platform firm
5. a go-to brand
6. gravitational pull
7. a barrier to entry
8. two-way communication
9. an add-on sensing device
10. a telecommunications software

# Reading strategy

## Using a matrix organizer

Using a matrix organizer in reading is an effective way to make comparison and contrast. It allows for a side-by-side comparison that helps identify nuanced differences and commonalities across various dimensions.

When employing this strategy, we first need to decide on the criteria, followed by creating the matrix by drawing a table with rows representing objects to be compared and columns representing the comparison criteria. Each cell in the matrix will contain information related to how a particular object performs on a specific criterion.

To read Text A using a matrix organizer, we should first identify different types of firms and the key elements to compare across them. We will use these types as rows and use the selected elements for comparison as columns. Here is the matrix with the main identified criteria for Text A:

Criterion	Traditional value chain firm	Platform firm	Ecosystem firm
Structure	Hierarchical	Flattened	Networked
Key activities	Sourcing, design, manufacturing, and marketing	Orchestrating and facilitating exchanges	Collaborating with others and sharing data
Goal	Maximizing shareholder value	Scaling quickly	Problem-solving, value creation, and shared wealth
Participants	Firms and customers	Buyers and sellers ...	Multiple people and groups
Operating model	Competing with competitors, defending assets ...	Intermediation	Collaboration and collective engagement
Agility	Low	Higher	Highest

This matrix allows for a side-by-side comparison of the characteristics, strengths, and strategies of traditional value chain firms, platform firms, and ecosystem firms. It also highlights the advantages of ecosystem firms.

## Text B

# Why customer loyalty programs can backfire

Tim Bower

- 1 Customer loyalty programs are ubiquitous, accounting for more than 3.3 billion memberships in the United States alone. And they can confer tremendous advantages: Members are more likely than others to buy from a retailer whose program they belong to. They visit the website or store more frequently, and they are more likely to download the retailer's app, engage with the retailer on social media, and recommend it to family and friends.
- 2 But new research, conducted by professors at the Wharton School of the University of Pennsylvania along with the customer experience consultancy the Verde Group, reveals an important downside of loyalty programs. When loyal members encounter service failures—shipping issues, problems with returns, stockouts, and the like—they get more upset than customers who are not members of the program. Because loyal members purchase the brand more frequently than nonmembers do, they experience such problems more often; and the increase in online shopping has compounded the problem to the point where loyalty programs are causing significant damage. The researchers call this the boomerang effect, because the very loyalty a brand engenders comes back to hurt it.
- 3 “This is a real problem for retailers,” says Thomas Robertson, the academic director of the Baker Retailing Center at the Wharton School and one of the study's authors. “Businesses are inadvertently killing their golden geese.”
- 4 The researchers surveyed more than 5,000 U.S. retail consumers in February 2020 and another 2,500 retail consumers in May. The results showed that members of loyalty programs not only experienced more service friction than other shoppers but were more likely to struggle to have their issues resolved. For instance, loyal members surveyed in May required an average of four points of contact with the company before reaching a solution, and the process took an average of 5.1 days. Nonmembers needed just 2.8 points of contact and 3.3 days on average.
- 5 “These highly valuable customers are getting bounced around between different

departments and are struggling to get resolution,” says Paula Courtney, CEO of the Verde Group and a co-author of the study. Part of the problem is that members who have complaints often begin by calling a dedicated number, only to learn that the loyalty department is not empowered to help them. That’s especially damaging given that members have high expectations for how they should be served. Another issue is that members frequently need to ensure that the points or rewards they have earned are properly accounted for, which often means they are bounced back to the loyalty or marketing department. “These customers aren’t getting anything close to white-glove treatment, and that is frustrating them,” Courtney says.

- 6 The researchers suggest three steps to mitigate the boomerang effect.
- 7 **Understand which problems are the most damaging.** As retailers audit the customer journey, they should avoid the temptation to blindly focus on the most frequent service failures. “Don’t get distracted by the squeaky wheel,” Robertson says. “The most common sources of friction aren’t necessarily the ones that need immediate attention.”
- 8 Indeed, the surveys revealed no overlap between the ten most frequent service failures and the ten that caused the biggest erosion in loyalty, as measured by Net Promoter Score, a measure used in customer experience programs. The three problems most often cited by respondents in both February and May were related to items’ availability. The three most destructive problems had to do with finding and purchasing items efficiently. Other destructive issues were having to pay for return shipping, needing original receipts to make returns, and experiencing problems navigating the website.
- 9 Implicit in a loyalty program’s contract, Robertson explains, is the understanding that just as the brand is special to members, members are special to the brand. While failures such as stockouts are annoying, they aren’t particularly destructive because they don’t violate that contract. But asking members to pay for return shipping and provide original receipts signals that the company doesn’t know who the members are, doesn’t trust them, and doesn’t care about making it easy for them to do business.
- 10 **Deliver the benefits that can protect against defections.** Several loyalty program perks tempered dissatisfaction in the face of service failures, including insider access to information such as limited-time offers or invitations to exclusive events, free shipping and returns, cashback for purchases, alerts when desired items go on sale, access to one’s shopping history, and notifications about order and shipping status. Those benefits tend to make loyal members feel valued, the

researchers say, and they can temper shopping frustrations much as frequent-flier perks can assuage travel-related glitches. “You’re less likely to mind having your baggage delayed if you’re sipping champagne in the arrivals lounge,” Courtney says. Benefits such as special member pricing and gifts, by contrast, did little to shore up loyalty when problems arose.

- 11 **Integrate loyalty programs with overall strategy and processes.** Rather than silo loyalty programs within marketing departments, retailers should integrate them into operations, technology, and finance departments to facilitate swift, streamlined service recoveries. Seamless returns, for example, aren’t possible if a loyalty program doesn’t utilize point-of-sale technology that recognizes repeat customers. Other damaging service failures, such as rudeness from representatives answering the phones, can’t be remedied if the loyalty department is powerless to drive operational changes—in the case of rude representatives, by pushing for a reappraisal of staffing and training priorities, for example.
- 12 The boom in online shopping is likely to continue, and while some of the associated service problems should smooth out as once-deluged companies adjust, they will still need to monitor and manage any backlash from their loyalty programs. “No retailer can afford to lose its most valuable customers,” Robertson says. “The boomerang effect shows the urgency of tackling problems that specifically aggravate loyal members and investing in benefits that can mitigate the damage.”

---

1. **customer loyalty program**

a strategy in which businesses offer rewards, discounts, and other special incentives as a way to attract and retain customers 客户忠诚计划

2. **stockout** *n.*

a situation in which a company or a shop has no more of a particular item available 缺货

3. **boomerang effect**

a situation in which sth. has the opposite effect from the one you intended 回旋镖效应

4. **white-glove** *adj.*

providing a very high level of service, or involving a lot of care about small details 服务周到的

5. **limited-time offer**  
a promotional strategy where a discount or a special deal is only available for a limited period of time 限时优惠
6. **cashback** *n.*  
a system in which businesses encourage people to buy sth. by giving them money after they have bought it 返现
7. **special member pricing**  
discounts or deals offered exclusively to members of a loyalty program 会员特价
8. **silo** *n.*  
a part of a company, an organization, or a system that does not communicate with, understand, or work well with other parts 孤立单位
9. **point-of-sale technology**  
a tool that is used to process transactions by retail customers, which records customer purchases, accepts payments, provides receipts, etc. 销售终端技术

## Understanding the text

**Answer the following questions.**

1. What are the upsides of customer loyalty programs?
2. Why do loyal members get more upset than nonmembers when they encounter service failures?
3. According to Paula Courtney, why does it take longer for loyal members to get their problems solved?
4. What kind of service failures should retailers pay the most attention to?
5. What benefits can retailers provide to make their loyal members feel valued?

## Language work

**1 Translate the following sentences into English by using the proper form of the words in parentheses.**

1. 提供培训和发展机会可以赋予员工更多的信心，使他们更有效地履行工作职责。  
(empower)

---

2. 我们要提高防范化解重大风险能力，严密防范系统性安全风险。(mitigate)

---

3. 在商务谈判中保持冷静和理智有助于缓和局势，可以有效促进沟通和解决问题。  
(temper)

---

4. 中外合资企业初期出现的小问题都很快得到了妥善解决，提高了企业的运营效率。  
(glitch)

---

5. 不适当的沟通方式会加剧紧张局势，使冲突升级，阻碍业务进展。(aggravate)

---



**2** Decide which of the words given in the box below would best complete the passage if inserted in the corresponding blanks. The words can be used ONCE ONLY.

- |                  |                |              |
|------------------|----------------|--------------|
| A. retention     | B. tracking    | C. enhance   |
| D. repeat        | E. surged      | F. likely    |
| G. exclusive     | H. vibrant     | I. typically |
| J. referring     | K. enterprises | L. better    |
| M. differentiate | N. impulsive   | O. naturally |

A customer loyalty program is a strategy that businesses use to encourage repeat business and foster strong relationships with their customers. These programs 1 \_\_\_\_\_ offer rewards or incentives to customers who make frequent purchases or engage with the brand in other ways, such as by 2 \_\_\_\_\_ friends or leaving reviews.

There are various types of customer loyalty programs, including points-based systems, tiered membership programs, and referral programs. Some businesses also provide 3 \_\_\_\_\_ perks and discounts to their most loyal customers.

One key advantage of a customer loyalty program is that it can help increase customer 4 \_\_\_\_\_ and reduce customer churn. By offering rewards and incentives, businesses can encourage customers to keep coming back and make 5 \_\_\_\_\_ purchases. This can lead to increased revenue and profits over time.

Another benefit is that it can assist in gathering valuable data about customers. By 6 \_\_\_\_\_ their behavior and preferences, a business can gain insights into what motivates them to buy from the business and how it can improve its products or services to 7 \_\_\_\_\_ meet the customers' needs.

In addition, a well-designed customer loyalty program can also help build brand loyalty and 8 \_\_\_\_\_ customer satisfaction. When customers feel valued and appreciated, they are more 9 \_\_\_\_\_ to become brand advocates and recommend the brand to others.

Furthermore, a customer loyalty program can also help 10 \_\_\_\_\_ a brand from its competitors. By offering unique rewards and benefits, the brand can create a compelling reason for customers to choose it over others. A well-designed customer loyalty program can be a potent tool for building long-term relationships with customers.