

## Cost-cutting

As the recession continues to bite deep in many countries, there is one phrase which is on everyone's lips: 'cost-cutting'.

1 Which of the following have you cut down on, or cut out completely, in order to save money? Compare your answer with a partner.

weekly food bill	a summer holiday	flying	going out	buying clothes
eating in restaurants	gym membership	petrol	a new car	telephone bills

2 Skim the article and match the headings (a-d) with the correct paragraph (1-4).

- (a) **Automobile crisis**      (b) **Staff lay-offs**      (c) **Creative measures**      (d) **Economic slump**

**Surviving recession** [1] It's official. The UK is in recession. A recession is defined as two quarters of negative growth. Figures just released show that this is now the case. Indeed, the current global recession is "the most serious for over 100 years" according to one UK politician. Just how are people coping with the economic downturn? Cancelling their plans for a summer holiday. Eating out less. Shopping more carefully. Not making unnecessary trips, maybe to save petrol. The list goes on and on.

[2] The number of companies going bust in the UK has risen dramatically. Businesses everywhere are trying to slash overheads. Small and medium-sized firms are suffering most. One famous British chef, Antony Worrall Thompson, has just had to shut down four restaurants, making a number of staff redundant. Why? Bank lending is simply drying up.

[3] People, it seems, have stopped buying cars. Nissan has announced that it will be cutting 20,000 jobs worldwide. Toyota, on the other hand, are investigating the possibilities of shorter working weeks, as well as closing down plants for periods of time. Elsewhere, top managers at electronics firm Sharp are agreeing not to collect their bonuses. Another popular way of reducing costs is to outsource production.

[4] Some companies are exploring more adventurous cost-cutting initiatives. One firm for instance is lowering the temperature in the warehouse by two degrees. Staff have been asked to keep warm by putting on extra clothing. How about recycling old boxes for packing goods? Getting employees onboard with any new cost-saving ideas is vital for bosses desperate to boost profit margins – after all, it is in everyone's interests that businesses don't go under. So, could you help your firm to survive the recession?

3 Read the whole article. List the number of ways in which companies are cutting costs.

4 Identify words in the article from the following definitions.

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| (a) a reduction in economic or business activity   | (paragraph 1) |
| (b) to reduce something by a large amount  | (paragraph 2) |
| (c) money that you pay regularly as the costs of operating a business or organisation    | (paragraph 2) |
| (d) extra money that you are paid in addition to your usual salary                       | (paragraph 3) |
| (e) an important action that is intended to solve a problem                              | (paragraph 4) |
| (f) the difference between the money to make something and what you get when you sell it | (paragraph 4) |

(Definitions from *Macmillan English Dictionary CD-ROM*. Text © Macmillan Publishers Ltd 2007.)

5 Discuss the following questions in small groups. Be ready to report your answers to the class.

- (1) Is your country experiencing an 'official' recession? What is the long-term economic forecast?
- (2) Has your company introduced any 'cost-cutting' measures? If so, what are they?
- (3) Brainstorm creative ways you can cut costs at your workplace. Choose the best idea(s) to tell the whole group.