

Letter from Northern & Newcastle Bank to Villier & Brand Advertising Agency



NORTHERN & NEWCASTLE BANK

22 Salmon Street, Victoria 3207

Tel: (03) 451 9836 Fax: (03) 451 8436

Rene Villier
Senior Partner
Villier & Brand Advertising Agency
9 Carlton Villas, Victoria 3211
Tel (03) 398 9812 Fax: (03) 398 878

19 November

Ref: 0231 00812-LD

Dear Rene,

Thank you for coming in to see me the other day. I was sorry to hear that you have been having difficulties with the business, but I am pleased that we will be able to help you. The Northern & Newcastle Bank will grant you a credit line of \$275,000 at our most favourable rate of interest for the next three months. We will have a progress meeting in three months to re-assess the situation and see if it is possible to extend the period at the same rate of interest. You are going to introduce changes aimed at making Villier & Brand run more efficiently, as detailed below.

- Salaries** *Current salary bill:* \$620,000 per year
 Target: \$475,000
 Action: Restrict this year's salary increase to not more than 2%
 Reduce permanent staff from 20 to 15 – use freelance workers at busy times
- Turnover** *Current turnover:* \$800,000 per year
 Target: \$850,000
 Action: Increase charges by 3% immediately
 Do a direct mailing campaign aimed at increasing billings by 2%
- Overheads** *Current overheads:* \$50,000
 Target: \$47,000
 Action: Negotiate a discount on the rent: try for 5% (from \$30,000 to \$28,500)
 Assess staff expense claims more rigorously
- Cash flow** *Current situation:* clients take an average of 55 days to pay bills
 Target: Reduce the average to 45 days
 Action: Send reminder letters earlier
 Phone up late payers personally

You believe that if these measures are taken, you will be back in profit within nine months. If you agree with the summary above, I will send out a formal agreement for your signature early next week.

Best regards,

L Daley, Manager

The credit line

Worksheet

18b

ACTIVITY

Groupwork and pairwork: reading, speaking

AIM

To act out a meeting between a bank manager and a customer.

GRAMMAR AND FUNCTIONS

Future in the past

Questions

VOCABULARY

credit line, favourable rate of interest, progress meeting, salary bill, freelance, turnover, charges, direct mail, campaign, overheads, expense claim, cash flow, reminder letter, late payer

PREPARATION

Make one copy of the worksheet for each student.

TIME

25-35 minutes

PROCEDURE

- 1 Tell the students they are going to act out a meeting between a bank manager and a customer.
- 2 Divide the class into two equal-sized groups: *bank managers* and *customers*.
- 3 Give out the copies of the worksheet.
- 4 Brief the two groups, as follows:
 - The bank managers read the letter and, from the eight actions listed in it, choose the four which they think are the most important. They then decide what questions they will ask the customer.
 - The customers read the letter and decide which things they did. They can choose any five of the eight actions. They should think about what the results of the actions might have been.

It doesn't much matter which actions the bank managers and customers choose. This is a way of personalising the activity whilst at the same time encouraging them to read the letter carefully. There will be a mismatch between the bank's priorities and the customer's actions, which will create the potential for communication. Allow 5 minutes for reading and preparation.
- 5 Divide the class into pairs consisting of a bank manager and a customer.
- 6 Ask them to act out the meeting. Allow 10-15 minutes.
- 7 When the meetings finish, ask pairs to comment to the class on the outcome.

FOLLOW-UP

Ask customers and bank managers to write letters to each other summarising the meeting.