

## Unit 7

### Doing Business

topics: chamber of commerce, activities, registration, training

skills: registration, discussions, inquiry, negotiating, letter of inquiry

### Chamber of Commerce

There are a great number of business opportunities for entrepreneurs which may lead later to the settlement of a deal. Attending a trade fair, displaying products at exhibitions, browsing online advertisements, networking in the coffee break of a conference, small talk at a reception at the embassy or ministry, getting leads from business partners, contacting the chamber of commerce and asking for a partner list can bring sellers and buyers together. Representing the interests of the active players of economy, chambers of commerce play a great role in promoting business relationships all over the world. The chamber of commerce is a business network made up of local businesses as members with an executive council (board of directors) and a CEO to promote and protect their interests at local, regional, national and international levels. Basically, they follow two types of models. Under the **compulsory/public model** membership is compulsory and the chamber act as a body of public law while under the **private/continental model** it is optional. The former one is common in most EU countries, such as Germany, Italy, France, Croatia, or in Japan, the latter one is widespread in Anglo-Saxon countries (USA, the UK, Canada) as well as in Sweden, Denmark, Finland and Norway. The ICC Hungary is a member of the Paris based International Chamber of Commerce, the largest business organisation of the world, covering all national chamber of commerce and through them all regional chambers. The ICC operates National Committees in the countries, our chamber is participating in the executive body of the Hungarian department.

Speaking of membership, Hungary is a special case, following a **hybrid model**, as registration is compulsory but membership is optional. As of January 1, 2012, Act CXXI of 1999 on the chambers of commerce has been amended. Business organizations registered with the Court of Registration and having their registered seats in Hungary, as well as private entrepreneurs are obliged to apply for registration with the competent chamber of commerce. It should be noted that registration does not result automatically in membership with the chamber of commerce. Application for membership with chambers of commerce remains optional. Business organizations whose main activities relate to agriculture and forestry as well as agricultural producers are exempt from the mandatory registration requirement.

Business organizations required to register with the chamber of commerce include:

- business association
- private company
- association
- companies of certain legal entity
- corporate subsidiary
- Hungarian branch office of foreign-registered company; and
- co-operative.



Business organizations established after January 1, 2012 must register with the chamber of commerce within five business days after registration with the Court of Registration. Business organizations already registered with the Court of Registration as of January 1, 2012 are required to register with the chamber of commerce on or before March 1, 2012. Businesses have to complete an application form, which was issued by the competent chamber of commerce and which contain the data required by the Chambers of Commerce Act; appropriately sign and submit to the chamber of commerce the application form; and pay the HUF 5,000 registration fee. The registration fee has to be paid annually as a contribution to finance the public activities carried out by the chamber of commerce. In the case of voluntary members of the chamber of commerce, the registration fee will be deducted from their ordinary membership fees.

At local level chambers of commerce provide a lot of services for their clients:

- **consultancy services:** giving advice and information about legal, administrative, domestic and foreign trade issues e.g. usage of INCOTERMS, regulations of duty-free areas, publishing economic journals,
- **networking**, bringing business partners together, preparing address lists and collection of business offers of domestic and foreign businesses
- **clusters**, regional development
- **lobbying**
- **constructive dialogue with the government**, government-chamber cooperation agreement, joint work with each Ministry, involvement in the process of law and decree making
- **event organizing:** arranging business meetings, conferences, seminars, sending invitations to domestic and foreign trade fairs and exhibitions
- **registration** of members and other businesses
- **SME support** concerning their competitiveness, liquidity, start-up company support
- **project management**
- **consumer protection**, intellectual property right, categorisation of restaurants, hotels
- **attestation/verification** of documents: certificate of origin,
- **legal services:** safeguarding the interests of entrepreneurs, legal counselling, intermediation in international legal disputes, arbitration
- running chamber **qualification and accreditation systems**
- **vocational training support:** supervision of practical training sites, training contracts, setting up professional examination boards, supervision of OKJ (National Training List) professions, school training workshops, practical examinations in professions
- adult training, mastertraining
- **supporting handicraft**, full integration of handicraft businesses into the chamber system in Hungary,
- supporting innovations, R&D in higher education, technology transfer
- fostering entrepreneurship spirit
- preparation for EU membership in aspirant countries (e.g. Croatia), seminars on EU funds.

Vocational and adult training are also play a great role in producing highly-skilled workforce. Students can choose between two possible (legal) forms of practical training in enterprises:

- **apprenticeship training based on a student contract**, which will be registered by the local chamber of commerce. On signing the student contract, a legal relationship will be established between the enterprise and the student, the training provider pays a regular monthly allowance to the student, students are entitled to social contribution benefits and

the time spent in training will be added to their pension scheme. The student contract may be terminated by mutual agreement and cancellation.

- **training based on a 'cooperation agreement'.**

Students can enter an apprenticeship contract at the age of 15 at the earliest in 'vocational schools', and at 18 in 'secondary technical schools'. 'Student contracts' are concluded between the enterprise and the student, under the supervision of the chamber of commerce. The chamber is responsible for inspecting the conditions and standards of training before and afterwards the programme begins. Under the contract the enterprise has to provide adequate practical training for the student in a safe and healthy work environment. If the company meets the requirements, the chamber issues a certificate. Only this way can employers get the subsidy for training. At the end of the training period students have to take a **vocational exam** both in 'vocational' and 'secondary technical' schools. Students can obtain their first **OKJ qualification** free of charge in full-time training (up to the age of 23).

Student contracts have to contain the following data:

- the name of the professional qualification and the duration of the training,
- the place of the practical vocational training,
- the amount of the student's financial remuneration,
- the list and amount of benefits and allotments.

The practical training provider has to pay a **regular monthly allowance** to the student, including holiday periods. Earlier apprentices used to receive 20% of the mandatory minimum wage during the first term of training, and the amount was supplemented by another 20% for students training for certain 'shortage jobs'. Thereafter every year the training provider increased the amount, depending on the student's performance. Now there is neither a prescribed sum nor a supplement, instead, the amount varies from profession to profession, now it is about 18% of the mandatory minimum wage. In as much as practical vocational training is concerned, the student shall be entitled to discounted meals, work clothing, personal protective equipment (protective clothing), hygienic supplies, travelling allowance,

In vocational training, the student's **working hours** are adapted to the schedule of work of the enterprise organising vocational practice. The Act on Vocational Training, however, establishes limits to the number of working hours of trainees in order to protect students. For underage students the training time cannot exceed seven hours a day and for students of age it is limited to eight hours a day. If the practical training exceeds four and a half hours, a minimum of 30 minutes uninterrupted break must be ensured.

By signing the student contract the student undertakes:

- to observe the training regulations of the training provider and fulfil all relevant instructions related to the training,
- to learn the professional practical subject to the best of his or her abilities,
- to follow all security, health and work safety regulations,
- not to perform any act that may jeopardise the lawful economic interests of provider.



The student contract shall be terminated:

- upon passing the professional examination,
- upon expulsion from the vocational training school
- upon termination of the business organization without a legal successor,
- upon the death of the student,
- if the training provider is banned from participating in practical vocational training.

### **Master training in Hungary**

The concept of master training originates back to the foundation of guilds, however the master, as an expert who cultivates his trade on high level, and who passes his experience and know-how from generation to generation has also appeared previously within craftsmen. Nowadays the requirements of our era towards masters are different than in the past. However the aspect that has not changed since then is that craftsmen who have become masters are practicing their trade according to high professional and ethical norms. After the rebirth of the economical chambers, one of the main tasks of these chambers became the training of experts. The most popular form of organising these trainings is the master training, which does not only contain the professional curriculum eligible to the level of production and technology of this age, but it also comprises and continuously develops the absolutely necessary pedagogical knowledge and the basics of economic management.

Chambers are entitled to organise master training and examinations in various crafts, awarding a higher level qualification which is the precondition of practicing certain occupations (e.g. car mechanic or electrician). According to the Act on Vocational education and training, practitioners who have passed the master examination must be preferred when selecting the instructor of vocational practical training. The chambers may organize training to prepare applicants for this examination, although participation in such programmes is not a precondition of applying for the examination. According to the Master Examination Regulation of the MKIK, preparation courses may be provided only by training providers authorized by the local chambers and such that possess the human resources and material preconditions of providing theoretical and practical training in the given vocation.



## Speaking

### Dialogue 1: Apprenticeship contract

**Role A:** You are the headmaster/headmistress of a local vocational school. You are meeting an educational expert from the local chamber of commerce and inquiring about the latest regulations concerning student contracts. Act out your role according to the following points:

- ask about the age limit when students can start training
- inquire about the employer's and the students' contractual obligations
- what type of payment do students receive
- ask why this form of training is so widespread
- ask the expert's help and mediation to find more companies who would like to provide practical training for your students

Your partner is starting the conversation

**Role B:** You are an educational expert from the local chamber of commerce. You are meeting the headmaster of a local vocational school, who is inquiring about the latest regulations concerning student contracts. Play the dialogue and give the necessary information about:

- age limits
- contractual obligations of the two parties (apprentice, training provider)
- payment will be transferred every month, the student must have a bank account
- possible hindrances, difficulties
- offer your help to find local companies who would like to receive apprentice students, bring up the idea of arranging a training fair for companies and students

Your partner is starting the conversation.

### Supplementary information:

Difficulties: complicated and time-consuming administration (red tape), financial drawbacks, low number of

practical training hours and students' inadequate theoretical and practical prior preparation and disciplinary problems during work, high rate of absence.

## **Dialogue 2: looking for potential business partners**

**Role A:** You are the owner of a medium-sized food-processing company, producing local specialities. Your business is doing well and you are thinking of selling your products in Croatia. You would like to find business partners who could distribute your products abroad. You are calling the commercial advisor of the local chamber of commerce to ask for his/her assistance:

- state the reason for your call
- describe your company profile
- say where you would like to sell your product
- ask if you will have to be a registered member of the Croatian chamber of commerce

You are starting the conversation.

**Role B:** You are the commercial advisor of the local chamber of commerce. A food producer is calling you to ask for help. Give him/her advice and follow the instructions:

- ask about company profile
- ask about the targeted country
- recommend him/her the services of the chamber of commerce:
- partner lists, electronic database, meetings, exhibitions
- promise to contact your Croatian partner and ask about further distributors

Your partner is starting the conversation.

### Dialogue 3: inquiry

**Role A:** You are a Croatian businessman from Varasd, Croatia and you would like to buy heatpumps as you would like to save production costs by using environmental friendly geothermal energy. The adviser of the local chamber of commerce has recommended you a reliable Hungarian supplier near the border. Call the supplier and discuss the following points:

- tell about your interest in heatpumps
- ask about prices, performance, durability
- ask about delivery time
- ask about delivery and payment terms
- you need delivery in 3 months' time
- you prefer prices quoted ex works Varasd
- inquire about possible discounts
- ask if you can visit the production plant

You are starting the phone conversation.

**Role B:** -You are a Hungarian producer of green energy machines. A Croatian businessman is calling you to inquire about heat pumps. Answer his questions using the following information:

- thank for the interest in your products
- tell the prices of your heat pumps, performance and durability
- delivery in two months at earliest
- prices are to be understood FCA Lenti but you can change them into ex works Varasd
- 5 year guarantee
- 40% deposit in advance, 60% within 2 months after delivery
- ask who should arrange delivery
- 10% discount for orders of over ...pieces
- mention that these machines are subsidized in Hungary, the buyer can apply for state subsidy
- make an appointment

Your partner is starting the conversation.



#### **Dialogue 4: registration at the chamber of commerce**

**Role A:** You are the managing director of a medium-sized local enterprise. You have heard of the changes concerning company registration at the chamber of commerce but you don't know the details. Phone the clerk at the local chamber of commerce and inquire about the following:

- state the purpose of your call, ask about legal changes concerning company registration
- ask what types of enterprises the law refers to
- ask about the deadline of registration
- inquire about the steps of chamber registration
- you also want to know what business data have to be listed on the application form
- ask about the consequences of failure to apply

You are starting the phone conversation.

**Role B:** You work as clerk at the local chamber of commerce. The managing director of a medium-sized local enterprise is calling you to inquire about the changes concerning company registration. Answer the phone call and give the necessary information:

- tell about the legal changes concerning company registration
- types of enterprises the law refers to
- deadline of registration
- the steps of chamber registration
- business data on the application form
- possible consequences of failure to apply

Your partner is starting the conversation.



## Supplementary Information

The registration with the chamber of commerce include the following data of the business organization:

- name;
- registered seat;
- places of business;
- branch offices;
- main activity;
- other actual activities;
- classification by size (micro, small, medium, or large enterprises).

The business organization is obligated to initiate within five business days the modification of its registered data in case they change. The data contained in the register of the chamber of commerce is public information.

### Consequences for Failure to Apply for Registration with the Chamber of Commerce

- If a business organization obligated to register fails to fulfill its application requirement with the chamber of commerce within the statutory deadline, the chamber of commerce will send a notice to register within five business days.
- If the five-business-day deadline expires without results, the chamber of commerce will ex officio register the business organization and take measures to collect the registration fee.

## Writing

### Steps taken towards the settlement of a deal

Business relationships usually start with an **enquiry/inquiry** (AmE) where the prospective buyer takes the first step. Enquiries can take both verbal or written forms. Customers may ask you about your product on display or you may write a letter of enquiry asking the buyer about its latest products. Written enquiries can be

- **general** (you ask for a brochure, a free sample or a catalogue)
- **specific/sales-related** (you are interested in a specific product).

Enquiries are structured in the following passages:

- reference to the source of information: first-time buyers mention where they obtained the possible buyer's address while regular customers can refer to an earlier occasion (phone call, a successful deal etc.)
- indication of interest or demand (details about the product)
- additional requests (preferred delivery type, packaging etc.)
- closing sentence to round off the letter.

Buyers can also initiate doing business when they send **sales letters (unsolicited offers)** to the targeted customers. Sales letters can inform about a novelty, the opening of a new sales point, a sales promotion event or discounts. They follow a classical pattern, called the AIDA concept, trying to draw the buyers' **attention** to the product using some catch-phrases or slogans, then by giving some information about advantages they raise their **interest** and make buyers **desire** the product, their aim is that in the end buyers will take action and buy the product.

The classical **offer** is the reply to the enquiry, called **solicited offer**. It usually contains the following points:

- reference to the inquiry, expressing thanks
- full description of the product (brand name, type, quantity, quality, price, packaging)
- terms and conditions: (delivery time, delivery term, method of payment)
- delivery arrangements
- insurance
- possible discounts
- validity of the offer.

**Quotations** are offers containing the price of the product, that is, the prices are quoted in the offer. As for legal validity, we distinguish between **firm offers (binding/fixed offers)** and **offers without engagement (unbinding offer)**. Offers are legally binding, that is the seller cannot change any of conditions written down in the offer later on, unless an extra phrase is added to the letter, making clear that the offer is without engagement. In other words the seller is not bound to the offer.

To promote sales various **discounts** are given buyers such as trade discounts, quantity discounts (rebates), cash discounts, early payment discounts, loyalty discounts. When the seller and the buyer agree on all conditions, the buyer places an order for the requested goods with the supplier. If the seller cannot accept any of these points, (s)he makes a counter-offer. Or he can refuse/turn down the offer. After that the supplier makes up the order and arranges shipment, the customer is informed about the details of transport in due time through the Advice of Dispatch or Advice Note.

### **Business Inquiry**

#### **Lead in:**

We have seen your advertisement in the 07. March 2012 issue of Streetwise Economic Magazine.

We have read your advertisement in the monthly journal of the chamber of commerce.

We are referring to your advertisement of 07. 03. 2012

with reference to/with regard to/regarding your advertisement.....

Your advertisement has aroused our interest in your firm.

We have seen your products at the London Trade Fair this spring.

We were impressed by your products that were displayed on your stand at this year's .....exhibition held in Geneva.

Your company has been recommended to us by our Austrian partner.

Your name has been given us by the Hungarian Chamber of Commerce.

The Croatian Embassy in Budapest has advised us to get in touch with you concerning.....

#### **Introduction**

We are in the market for sports equipment.

We are one of the main producers/manufacturers of construction materials.

We are wholesalers/a distributor of office stationery.

We have been a market leader and we are interested in purchasing .....

We are an established/renowned company producing.....

Our company is a subsidiary of an American owned multinational company.

We are the main suppliers in Croatia for kitchenware and looking for suppliers of.....

We are considering buying/purchasing high-end products.

#### **Current state of the market**

There is a high/brisk/great demand here for high-quality sports trainers of the type you produce.

These products are in high demand during the tourist season but for the rest of the year sales are quite low.

These models sell well

These goods find a ready sale here

There is a promising market here for.....

These articles are quite popular with young people.

There is no market here for high-end articles



### **Asking for information**

Can/Could/Will/would you (kindly) send us your latest catalogue and current price list for....

We would be grateful (to you) if you would let us have details of.....

We would be glad if you could give us a quotation for goods which you can supply from stock.

We would appreciate if

I wonder if you could forward details of packing and freight rates

Please let us know your prices for...

We would like to know if you can supply us with

We are also interested in your terms of payment and in discounts offered for large orders/regular purchases/large order volumes.

Prompt delivery is essential. We will order from you only if/on condition that/provided that/as long as you can ensure/guarantee prompt delivery.

### **Requests**

Please quote us your lowest/most competitive prices for....

If your prices are competitive, we shall be able to play regular/large/substantial orders with you.

If your prices meet our requirements/expectations, you can be sure of a larger order.

If your products are of good quality and we receive a favourable offer, we may order products in large quantities from you.

If your goods are up to sample,

We look forward to hearing from you soon.

I would appreciate a prompt answer/an answer by return of post.

Thank you for an early reply.

### **Writing Task:**

#### **Inquiry**

You are the owner of a retail chain selling handbags and accessories. You would like to purchase various leather goods from abroad. Write an inquiry to a Croatian leather manufacturer company covering the points below:

- You have seen the leather goods of the company at an international trade fair in....
- Introduce your company.
- You need a quotation for leather handbags, wallets, briefcases in various sizes as well as leather belts and gloves.
- refer to the current market demand
- insist on prompt delivery
- ask about discounts
- ask about other terms and conditions