



# understanding BUSINESS

Eleventh Edition

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Education

**NICKELS MCHUGH MCHUGH**

# Understanding **Business**



# Understanding ELEVENTH EDITION **Business**

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UNDERSTANDING BUSINESS, ELEVENTH EDITION

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## dedication

To our families—Marsha, Joel, Carrie, Claire, Casey, Dan, Molly, Michael, Patrick, and Quinn. Thank you for making everything worth doing and giving us the support to do it well!

and

To the team that made this edition possible, especially the instructors and students who gave us such valuable guidance as we developed the text and package.

**Bill Nickels** is emeritus professor of business at the University of Maryland, College Park. He has over 30 years' experience teaching graduate and undergraduate business courses, including introduction to business, marketing, and promotion. He has won the Outstanding Teacher on Campus Award four times and was nominated for the award many other times. He received his M.B.A. degree from Western Reserve University and his Ph.D. from The Ohio State University. He has written a marketing communications text and two marketing principles texts in addition to many articles in business publications. He has taught many seminars to businesspeople on subjects such as power communications, marketing, non-business marketing, and stress and life management. His son, Joel, is a professor of English at the University of Miami (Florida).



**Jim McHugh** holds an M.B.A. degree from Lindenwood University and has had broad experience in education, business, and government. As chairman of the Business and Economics Department of St. Louis Community College–Forest Park, Jim coordinated and directed the development of the business curriculum. In addition to teaching several sections of Introduction to Business each semester for nearly 30 years, Jim taught in the marketing and management areas at both the undergraduate and graduate levels. Jim enjoys conducting business seminars and consulting with small and large businesses. He is actively involved in the public service sector and served as chief of staff to the St. Louis County Executive.



**Susan McHugh** is a learning specialist with extensive training and experience in adult learning and curriculum development. She holds an M.Ed. degree from the University of Missouri and completed her course work for a Ph.D. in education administration with a specialty in adult learning theory. As a professional curriculum developer, she has directed numerous curriculum projects and educator training programs. She has worked in the public and private sectors as a consultant in training and employee development. While Jim and Susan treasure their participation in writing projects, their greatest accomplishment is their collaboration on their three children. Casey is carrying on the family's teaching tradition as an adjunct professor at Washington University. Molly and Michael are carrying on the family writing tradition by contributing to the development of several supplementary materials for this text.



# The Platinum Experience

*Understanding Business* has long been the MARKET LEADER. We've listened to you and your students and that's helped us offer you:

**Resources** that were developed based directly on *your* feedback—all geared to make the most of your time and to help students succeed in this course. All the supplemental resources for *Understanding Business* are carefully reviewed by Bill, Jim, and Susan to ensure cohesion with the text.

**Technology** that leads the way and is consistently being updated to keep up with you and your students. Connect Business offers students a truly interactive and adaptive study arena. Interactive Presentations, Interactive Applications, SmartBook, and LearnSmart are designed to engage students and have been proven to increase grades by a full letter.

**Support** that is always available to help you in planning your course, working with technology, and meeting the needs of you and your students.

## KEEPING UP WITH WHAT'S NEW

Users of *Understanding Business* have always appreciated the currency of the material and the large number of examples from companies of all sizes and industries (e.g., service, manufacturing, nonprofit, and profit) in the United States and around the world. A glance at the Chapter Notes will show you that almost all of them are from 2013 or 2014. Accordingly, this edition features the latest business practices and other developments affecting business including:

- U.S. economic status post-financial crisis and recession
- Growing income inequality
- Gross output (GO)
- Core inflation
- Trans-Pacific Partnership
- Types of social commerce
- JOBS Act of 2012
- Crowdfunding vs. crowdinvesting
- Big data
- Nanomanufacturing
- Generation Z
- Alpha Generation
- Affordable Care Act (Obamacare)
- Ethnographic segmentation
- Mobile/social/on-demand marketing
- Bitcoin and other cryptocurrencies
- Net neutrality
- Internet of Things (IoT)
- And much, much more



# RESULTS-DRIVEN TECHNOLOGY FOR STUDENTS

Across the country, instructors and students continue to raise an important question: How can introduction to business courses further support students throughout the learning process to shape future business leaders? While there is no one solution, we see the impact of new learning technologies and innovative study tools that not only fully engage students in course material but also inform instructors of the students' skill and comprehension levels.

Interactive learning tools, including those offered through McGraw-Hill Connect, are being implemented to increase teaching effectiveness and learning efficiency in thousands of colleges and universities. By facilitating a stronger connection with the course and incorporating the latest technologies—such as McGraw-Hill LearnSmart, an adaptive learning program—these tools enable students to succeed in their college careers, which will ultimately increase the percentage of students completing their postsecondary degrees and create the business leaders of the future.

## Connect

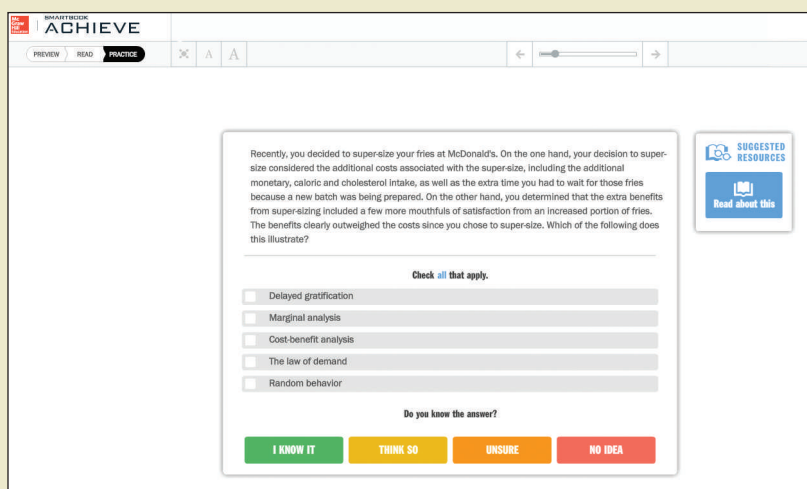
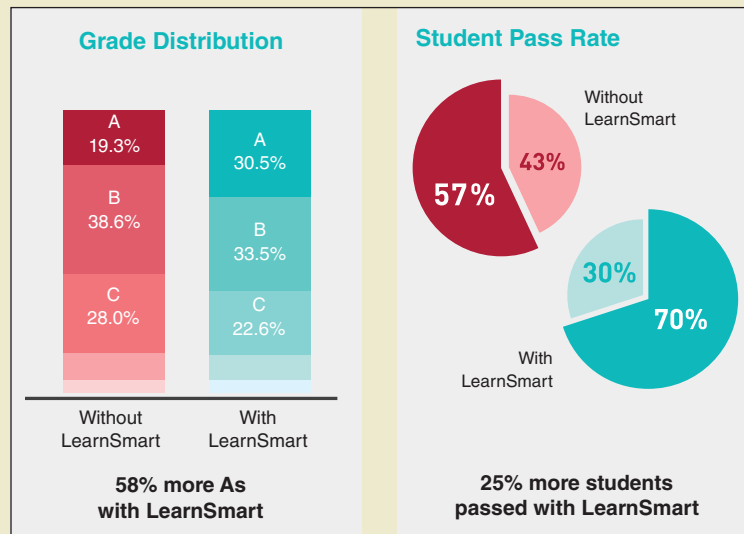


**connect**  
BUSINESS

McGraw-Hill Connect is the leading online assignment

and assessment solution that connects students with the tools and resources they need to achieve success while providing instructors with tools to quickly pick content and assignments according to the learning objectives they want to emphasize.

Connect improves student learning and retention by adapting to the individual student, reinforcing concepts with engaging presentations and activities that prepare students for class, help them master concepts, and review for exams. You can learn more about what is in Connect on the next page.



## SmartBook Achieve

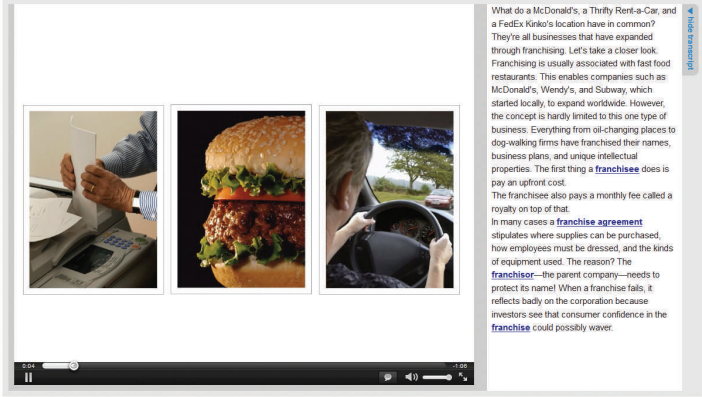
**A revolution in reading** Fueled by LearnSmart, SmartBook Achieve is the first and only adaptive reading experience available today. SmartBook personalizes content for each student in a continuously adapting reading experience. Reading is no longer a passive and linear experience, but an engaging and dynamic one where students are more likely to master and retain important concepts, coming to class better prepared.

Leveraging a continuously adaptive learning path, the program adjusts to each student individually as he or she progresses through the program, creating just-in-time learning experiences by presenting interactive content that is tailored to each student's needs. This model is proven to accelerate learning and strengthen memory recall. A convenient time-management feature and turnkey reports for instructors also ensure student's stay on track.

Chapter 5: How to Form a Business  
Learning Goal 5: Outline the advantages and disadvantages of franchises and discuss the opportunities for diversity in franchising and the challenges of global franchising.

2 of 11

### What About Franchising?



What do a McDonald's, a Thrifty Rent-a-Car, and a FedEx/Kinko's location have in common? They're all businesses that have expanded through franchising. Let's take a closer look. Franchising is usually associated with fast food restaurants. This enables companies such as McDonald's, Wendy's, and Subway, which started locally, to expand worldwide. However, the concept is hardly limited to this one type of business. Everything from oil-changing places to dog-walking firms have franchised their names, business plans, and unique intellectual properties. The first thing a franchisee does is pay an upfront cost. The franchisee also pays a monthly fee called a royalty on top of that. In many cases a franchise agreement stipulates where supplies can be purchased, how employees must be dressed, and the kinds of equipment used. The reason? The franchisor—the parent company—needs to protect its name! When a franchise fails, it reflects badly on the corporation because investors see that consumer confidence in the franchise could possibly waver.

connect | prev | menu | next | exit

## Interactive Presentations

**Aid for Visual Learners** These visual presentations within Connect are designed to reinforce learning by offering a visual presentation of the learning objectives highlighted in every chapter of the text. Interactive presentations are engaging, online, professional presentations (fully Section 508 compliant) covering the same core concepts directly from the chapter, while offering additional examples and graphics. Interactive Presentations teach students learning objectives in a multimedia format, bringing the course and the book to life. Interactive Presentations are a great prep tool for students—when the students are better prepared, they are more engaged and better able to participate in class.

## Interactive Applications

**A higher level of learning** These exercises require students to APPLY what they have learned in a real-world scenario. These online exercises will help students assess their understanding of the concepts.

**Click and Drag** exercises allow students to reinforce key models/processes by requiring students to label key illustrations and models from the text or build a process, and then demonstrate application-level knowledge.

Chapter Assignment | instructions | help

Question #1 (of 4) | save & exit | submit assignment

10.00 points

QUESTION PROGRESS: Introduction Click And Drag

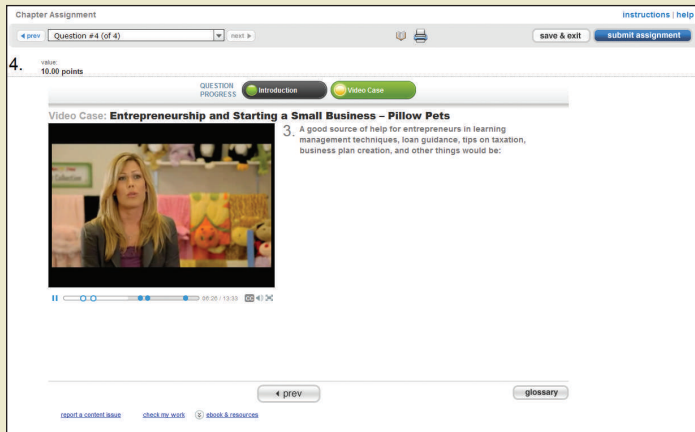
Click And Drag

Match the span of control type that is described for each firm by rolling over the firm's name to read its description. Drag the boxes to the correct type of control structure that is indicated.

Broad Span of Control		Narrow Span of Control
Joe's Gasateria	Custom Stone	
Carhop's	Lu's Ice Cream	
Foodies	Tiny Toys	
Computers R US	Leviathan	

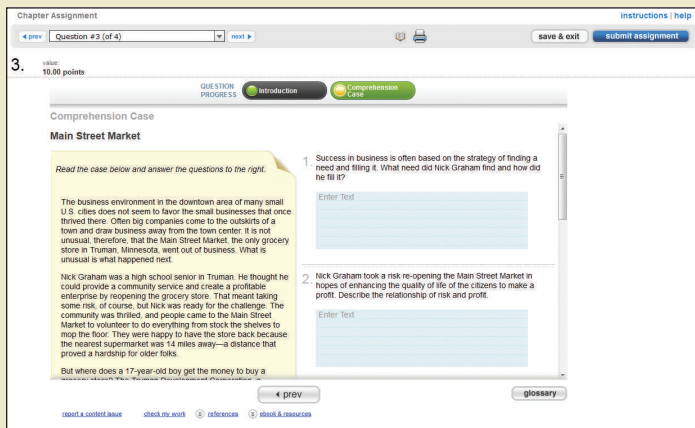
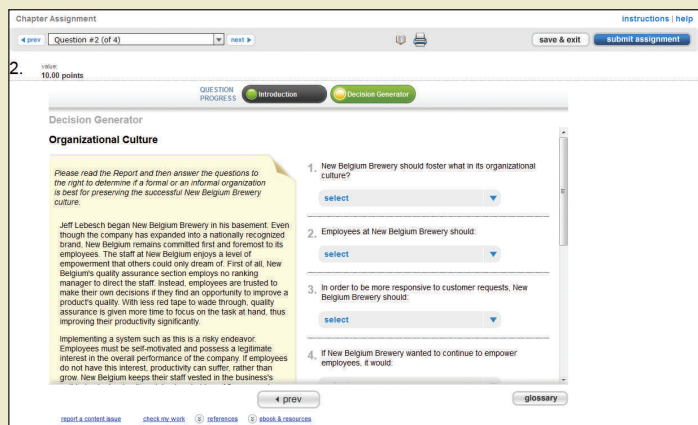
prev | glossary

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**Video cases** give students the opportunity to watch case videos and apply chapter concepts to a real-world business scenario as the scenario unfolds.

**Decision generators** require students to make real business decisions based on specific real-world scenarios and cases.



**Comprehensive Cases** encourage students to read a case and answer open-ended discussion questions to demonstrate writing and critical-thinking skills.

**Manager's Hotseat** (Connect Library)—short video cases that show 15 real managers applying their years of experience in confronting certain management and organizational behavior issues. Students assume the role of the manager as they watch the video and answer multiple-choice questions that pop up during the segment, forcing them to make decisions on the spot. Students learn from the managers' unscripted mistakes

and successes, and then do a report critiquing the managers' approach by defending their reasoning.

## Video Cases

**Real-world assignments** Industry-leading video support helps students understand concepts and see how real companies and professionals implement business principles in the workplace. The video cases highlight companies from a broad range of industries, sizes, and geographic locations, giving students a perspective from a variety of businesses.

## Media-Rich E-Book

Connect provides students with a cost-saving alternative to the traditional textbook. A seamless integration of a media-rich e-book features the following:

- A web-optimized e-book, allowing for anytime, anywhere online access to the textbook.
- Our iSee It! animated video explanations of the most often confused topics can be accessed within this e-book.
- Highlighting and note-taking capabilities.

## PLATINUM EXPERIENCE STUDENT-FRIENDLY FEATURES

**Learning Objectives** Everything in the text and supplements package ties back to the chapter learning objectives. The learning objectives listed throughout the chapter help students preview what they should know after reading the chapter. Chapter summaries test students' knowledge by asking questions related to the learning objectives. The Test Bank, Instructor's Manual, PowerPoints, Online Course, and Connect are all organized according to the learning objectives.

### Getting to Know Business Professionals

Every chapter in the text opens with the profile of a business professional whose career relates closely to the material in the chapter. These business professionals work for a variety of businesses from small businesses and nonprofit organizations to large corporations. These career profiles are an engaging way to open the chapter and to introduce students to a variety of business career paths.

**Name That Company** Every text chapter opens with a Name That Company challenge. The answer for the challenge can be found somewhere in the chapter.

**Test Prep Questions** help students understand and retain the material in the chapters. These questions stop them at important points in the chapter to assess what they've learned before they continue reading and help them prep for exams.

**Seeking Sustainability** boxes highlight corporate responsibility and help students understand the various ways business activities affect the environment.

www.yaofamilywines.com

spotlight on **small business**

### From Setting Picks to Picking Grapes

Although Americans love to watch sports, professional athletes often receive criticism for collecting enormous paychecks. After all, some sports stars make more money in a single season than many educators or nurses would see in a lifetime. But matters can change drastically for athletes once their playing days end. Suddenly skills that you've spent your entire life honing are obsolete, often leading to confusion over what to do next.

When faced with this problem, the groundbreaking former NBA center Yao Ming opted to use his resources to start a business. Although this is a common post-retirement tactic for many athletes, Yao didn't unveil a line of athletic wear or open a chain of sports bars. Instead, he established a high-end winery in California's famous Napa Valley. Although many wealthy Chinese celebrities have bought vineyards, Yao has set himself apart by building a brand from scratch rather than investing in an existing operation. A national hero in China, Yao Family Wines uses the name recognition of its seven-and-half-foot founder to appeal to the nation's growing consumer class. Yao's wines are intentionally expensive: the cheapest vintage goes for about \$87 while the priciest bottle, Yao Ming Family Reserve, lists for more than \$1,000. With premium brands still a rarity in China, Yao could end up being just as influential in the Chinese business world as he was on the basketball court.

Sources: Jason Chow, "Yao Ming's Napa Winery Strives to Conquer China's Middle Class," *The Wall Street Journal*, September 5, 2013, and Michelle Han-Czar, "Yao Ming's Wine Company Sets Sights on China's Growing Middle Class," *International Business Times*, September 6, 2013.



**Spotlight on Small Business** boxes feature how the concepts in the chapter relate to small businesses.

www.medicaltourism.com

making **ethical decisions**

### Making Your Operation Your Vacation

The Affordable Care Act (ACA) may bring some relief to astronomical insurance costs. But as premiums continue to rise at home, overseas in countries like Thailand, Colombia, and India, health care is not only affordable, it's also high quality. For instance, in the United States it would cost Patrick Follett, an avid skier, at least \$65,000 for his hip replacement surgery. Unlike some Americans, Follett had medical insurance and would have part of the procedure covered. However, it would have still cost him at least \$10,000 out-of-pocket. Follett, like 16 million other Americans, started looking for treatment elsewhere. In March of 2012, he underwent surgery in Mexico and was back on the California ski slopes in March of 2013. His total bill: \$10,000, all of which was covered by his company.

Right now, few American companies include medical tourism in their health care plans, but some of the larger companies like Aetna and WellPoint are working with companies to include international coverage. It's even expected to become a booming industry with worldwide annual growth estimated between 20 and 30 percent. Would it be ethical to force patients to travel thousands of miles and be separated from friends and family in a time of crisis in order to save money?

Sources: Medical Tourism Association, "Medical Tourism: Sample Surgery Cost Chart," [www.medicaltourismassociation.com/en/or-patients.html](http://www.medicaltourismassociation.com/en/or-patients.html), accessed March 2014; Kevin Gray, "Medical Tourism: Overseas and Under the Knife," *Men's Journal*, November 2013; and Elizabeth Rosenthal, "The Growing Popularity of Having Surgery Overseas," *The New York Times*, August 6, 2013.



**Making Ethical Decisions** boxes offer students ethical dilemmas to consider.

www.mcdonalds.com

reaching beyond **our borders**

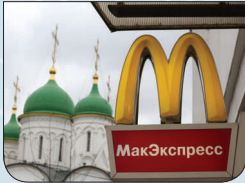
### McDonald's: Over 100 Cultures Served

For decades McDonald's has been the undisputed king of global food franchising. With more than 34,000 restaurants in over 118 countries, Mickey D's serves more than 69 million customers every day. So how did McDonald's become such a global powerhouse? It certainly didn't get there through hamburgers alone. Since it first began expanding overseas, McDonald's has been careful to include regional tastes on its menus along with the usual Big Mac and French fries. For instance, in Thailand patrons can order the Samurai Burger, a pork-patty sandwich marinated in teriyaki sauce and topped with mayonnaise and a pickle. If fish is more your taste, try the Ebi Filet-o-shrimp sandwich from Japan.

McDonald's is also careful to adapt its menus to local customs and culture. In Israel, all meat served in the chain's restaurants is 100 percent kosher beef. The company also closes many of its restaurants on the Sabbath and religious holidays. McDonald's pays respect to religious sentiments in India as well by not including any beef or pork on its menu. For more examples, go to [www.mcdonalds.com](http://www.mcdonalds.com) and explore the various McDonald's international franchisees websites. Notice how the company blends the culture of each country into the restaurant's image.

McDonald's main global market concern as of late has been Asia. So far McDonald's strategy seems to be working. In Shanghai the company's Hamburger University attracts top-level college graduates to be trained for management positions. Only about eight out of every 1,000 applicants makes it into the program, an acceptance rate even lower than Harvard's! McDonald's is reaching out further in Asia and in 2014 opened its first store in Vietnam. The Vietnamese location in Ho Chi Minh City is the country's very first drive-thru restaurant. Bringing McDonald's to Vietnam is a dream come true for Henry Nguyen, founder of Good Day Hospitality, who has been wanting to introduce the brand to Vietnam for over a decade. Nguyen brought in 20 top McDonald's employees from Australia to help aid in the opening while also sending prospective Vietnamese employees to Queensland to learn the ropes in a real-life restaurant setting. In the end, one can only hope that McDonald's remains dedicated to qualify as it continues adapting and expanding into the global market.

Sources: Eric Smith, "Some McSkills to Share," *The Warwick Daily News*, February 4, 2014; Kate Taylor, "New Year, New Expansion: McDonald's to Open First Restaurant in Vietnam," *Entrepreneur*, December 23, 2013; Woon Gung, "McDonald's Hamburger University: Step inside the Most Exclusive School in the World," *Business Insider*, April 7, 2012; and McDonald's, [www.mcdonalds.com](http://www.mcdonalds.com), accessed February 2014.

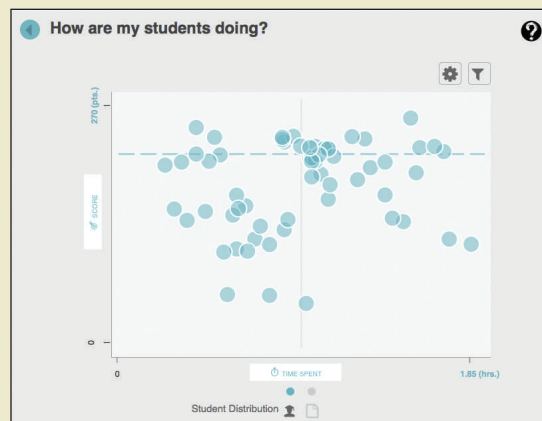


**Reaching Beyond Our Borders** boxes focus on global issues surrounding business.

## PLATINUM EXPERIENCE INSTRUCTOR RESOURCES

Connect offers instructors autogradable material in an effort to facilitate learning and to save time.

### Student Progress Tracking



Connect Insight is a powerful data analytics tool that allows instructors to leverage aggregated information about their courses and students to provide a more personalized teaching and learning experience.

## Connect's Instructor Library

Connect's Instructor Library serves as a one-stop, secure site for essential course materials, allowing you to save prep time before class. The instructor site resources found in the library include:

- Instructor's Manual
- PowerPoint Presentations
- Test Bank/EZ Test
- Monthly Bonus Activities
- Videos
- Video Guide
- Connect Instructor's Manual

**Instructor's Manual:** The authors have carefully reviewed all resources provided in the Instructor's Manual to ensure cohesion with the text. It includes everything an instructor needs to prepare a lecture, including lecture outlines, discussion questions, and teaching notes. More than 900 PowerPoint slides offer material from the text, as well as expanded coverage to supplement discussion.

**PowerPoint Presentations:** More than 900 PowerPoint slides offer material from the text, as well as expanded coverage to supplement discussion.

**Test Bank and EZ Test Online:** The Test Bank and Computerized Test Bank offer over 8,000 multiple-choice, true/false, short answer, essay, and application questions. ISBN: 0077474376

**Monthly Bonus Activities:** Monthly Bonus Activities contain a variety of tools to help freshen your classes: (1) links to interesting new videos; (2) abstracts of recent articles with accompanying critical-thinking questions to spark class discussion (sample answers included); and (3) a PowerPoint file that integrates these elements in an easy-to-use package. If you're a current adopter of the text, then we are already sending you the Monthly Bonus Activities. If you are not receiving them and would like to, please contact your McGraw-Hill Sales Representative.

**Videos:** Chapter-specific videos are provided to complement each chapter of the text. Eleven of the 20 videos have been updated to include interesting companies that students will identify with such as SXSW, Sonic, and Whole Foods.

**Video Guide:** The Video Guide offers additional detailed teaching notes to accompany the chapter videos, and provides essay-style and multiple-choice questions.

**Connect Instructor's Manual:** This Instructor's Manual offers instructors what they need to set up Connect for their courses. It explains everything from how to get started to suggestions of what to assign and ideas about assigning credit. This tool was developed by instructors who have used and continue to use Connect successfully in their course.

## PLATINUM EXPERIENCE TEACHING OPTIONS AND SOLUTIONS



The Best of Both Worlds

### Blackboard Partnership

McGraw-Hill Education and Blackboard have teamed up to simplify your life. Now you and your students can access Connect and Create right from within your Blackboard course—all with one single sign-on. The grade books are seamless, so when a student completes an integrated Connect assignment, the grade for that assignment automatically (and instantly) feeds your Blackboard grade center. Learn more at [www.domorenow.com](http://www.domorenow.com).

### Create

Instructors can now tailor their teaching resources to match the way they teach! With McGraw-Hill Create, [www.mcgrawhillcreate.com](http://www.mcgrawhillcreate.com), instructors can easily rearrange chapters, combine material from other content sources, and quickly upload and integrate their own content, like course syllabi or teaching notes. Find the right content in Create by searching through thousands of leading McGraw-Hill textbooks. Arrange the material to fit your teaching style. Order a Create book and receive a complimentary print review copy in three to five business days or a complimentary electronic review copy via e-mail within one hour. Go to [www.mcgrawhillcreate.com](http://www.mcgrawhillcreate.com) today and register.



create™

### Tegrity Campus

Tegrity makes class time available 24/7 by automatically capturing every lecture in a searchable format for students to review when they study and complete assignments. With a simple one-click start-and-stop process, you capture all computer screens and corresponding audio. Students can replay any part of any class with easy-to-use browser-based viewing on a PC or Mac. Educators know that the more students can see, hear, and experience class resources, the better they learn. In fact, studies prove it. With patented Tegrity “search anything” technology, students instantly recall key class moments for replay online or on iPods and mobile devices. Instructors can help turn all their students’ study time into learning moments immediately supported by their lecture. To learn more about Tegrity, watch a two-minute Flash demo at <http://tegritycampus.mhhe.com>.



tegrity®

### McGraw-Hill Campus

McGraw-Hill Campus is a new one-stop teaching and learning experience available to users of any learning management system. This institutional service allows faculty and students to enjoy single sign-on (SSO) access to all McGraw-Hill Higher Education materials, including the award-winning McGraw-Hill Connect platform, from directly within the institution’s website. With McGraw-Hill Campus, faculty receive instant access to teaching materials (e.g., eTextbooks, test banks, Power Point slides, animations, learning objects, etc.), allowing them to browse, search, and use any instructor ancillary content in our vast library at no additional cost to instructor or students.



Campus

## COURSE DESIGN AND DELIVERY

In addition, students enjoy SSO access to a variety of free content (e.g., quizzes, flash cards, narrated presentations, etc.) and subscription-based products (e.g., McGraw-Hill Connect). With McGraw-Hill Campus enabled, faculty and students will never need to create another account to access McGraw-Hill products and services. Learn more at [www.mhcampus.com](http://www.mhcampus.com).

### Assurance of Learning Ready

Many educational institutions today focus on the notion of *assurance of learning*, an important element of some accreditation standards. *Understanding Business* is designed specifically to support instructors' assurance of learning initiatives with a simple yet powerful solution. Each test bank question for *Understanding Business* maps to a specific chapter learning objective listed in the text. Instructors can use our test bank software, EZ Test and EZ Test Online, to easily query for learning objectives that directly relate to the learning outcomes for their course. Instructors can then use the reporting features of EZ Test to aggregate student results in similar fashion, making the collection and presentation of assurance of learning data simple and easy.

### AACSB Tagging

McGraw-Hill Education is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Understanding Business* recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the text and the test bank to the six general knowledge and skill guidelines in the AACSB standards. The statements contained in *Understanding Business* are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While the *Understanding Business* teaching package makes no claim of any specific AACSB qualification or evaluation, we have within *Understanding Business* labeled selected questions according to the six general knowledge and skills areas.



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Our Senior Brand Manager, Anke Weekes, led the talented team at McGraw-Hill Education. We appreciate her dedication to the success of the project and her responsiveness to the demands of the market. Kelly Delso served as our product developer and kept everyone on task and on schedule. Molly and Michael McHugh contributed the new boxes and profiles. Srdjan Savanovic created the new fresh, open interior design and extraordinary cover. Carrie Burger and Jen Blankenship carried out the extensive research for photos that was necessary to effectively reflect the concepts presented in the text. Lead project manager, Christine Vaughan, did a splendid job of keeping the production of the text on schedule. Danielle Clement expertly supervised Connect production.

Many dedicated educators made extraordinary contributions to the quality and utility of this text and package. For this edition, Molly McHugh did an exceptional job in preparing the Test Bank and creating the quizzes for Connect. Molly also did a superb job of creating the PowerPoint slides and a useful and current Instructor's Resource Manual. We also recognize the efforts of those who contributed to the creation of Connect materials, and to our LearnSmart "team" at Monroe Community College; Judy Bulin, John Striebich, and Donna Haeger who tirelessly worked to review and perfect LearnSmart content. Thank you to Chris Cole, Dayna Brown, Dan Mack, and the crew of Cole Creative Productions for the fabulous new videos they produced. Thank you to the Digital Faculty Consultants who have helped train and support so many instructors in the Introduction to Business course, as well as assist them in successfully implementing Connect into their courses: Chris Finnin, Drexel University; Todd Korol, Monroe Community College; John Striebich, Monroe Community College; and Marie Lapidus, Oakton Community College.

Our outstanding marketing manager, Michael Gedatus, was up to the challenge of once again guiding the text to market leadership. With the assistance of the market's finest sales professionals, he led the text to record highs. We appreciate his commitment and the renowned product knowledge, service, and dedication of the McGraw-Hill Education sales reps. We want to thank the many instructors who contributed to the development of *Understanding Business*.

## REVIEWERS

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# Getting Ready for This Course and Your Career

## Top 10 Reasons to Read This Introduction

(EVEN IF IT ISN'T ASSIGNED)

- 10 What the heck—you already bought the book, so you might as well get your money's worth.
- 9 You don't want the only reason you get a raise to be that the government has increased the minimum wage.
- 8 Getting off to a good start in the course can improve your chances of getting a higher grade, and your Uncle Ernie will send you a dollar for every A you get.
- 7 Your friends say that you've got the manners of a troll and you want to find out what the heck they're talking about.
- 6 How else would you find out a spork isn't usually one of the utensils used at a business dinner?
- 5 You don't want to experience the irony of frantically reading the "time management" section at 3:00 a.m.
- 4 Like the Boy Scouts, you want to be prepared.
- 3 It must be important because the authors spent so much time writing it.
- 2 You want to run with the big dogs someday.

AND THE NUMBER ONE REASON FOR READING THIS INTRODUCTORY SECTION IS . . .

- 1 It could be on a test.

## LEARNING THE SKILLS YOU NEED TO SUCCEED TODAY AND TOMORROW

Your life is full. You're starting a new semester, perhaps even beginning your college career, and you're feeling pulled in many directions. Why take time to read this introduction? We have lightheartedly offered our top 10 reasons on the previous page, but the real importance of this section is no joking matter.

Its purpose, and that of the entire text, is to help you learn principles, strategies, and skills for success that will serve you not only in this course but also in your career and your life. Whether you learn them is up to you. Learning them won't guarantee success, but not learning them—well, you get the picture.

This is an exciting and challenging time. Success in any venture comes from understanding basic principles and knowing how to apply them effectively. What you learn now could help you be a success—for the rest of your life. Begin applying these skills now to gain an edge on the competition. **READ THIS SECTION BEFORE YOUR FIRST CLASS** and make a great first impression! Good luck. We wish you the best.

**Bill Nickels**

**Jim McHugh**

**Susan McHugh**

## USING THIS COURSE TO PREPARE FOR YOUR CAREER

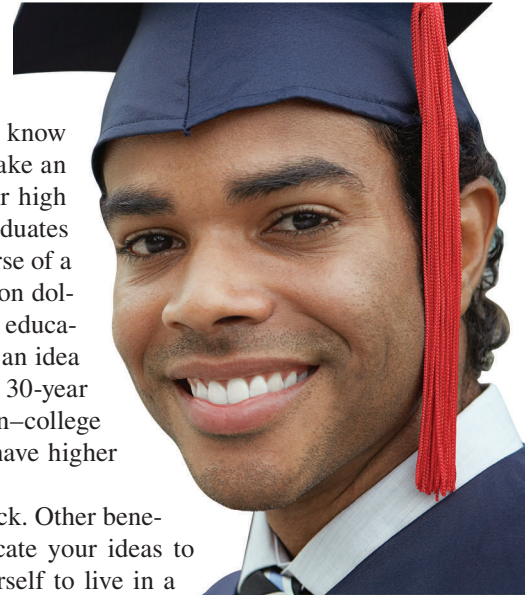
Since you've signed up for this course, we're guessing you already know the value of a college education. The holders of bachelor's degrees make an average of about \$46,000 per year compared to less than \$30,000 for high school graduates.<sup>1</sup> That's greater than 50 percent more for college graduates than those with just a high school diploma. Compounded over the course of a 30-year career, the average college grad will make nearly a half-million dollars more than the high school grad! Thus, what you invest in a college education is likely to pay you back many times. See Figure P.1 for more of an idea of how much salary difference a college degree makes by the end of a 30-year career. That doesn't mean there aren't good careers available to non-college graduates. It just means those with an education are more likely to have higher earnings over their lifetime.

The value of a college education is more than just a larger paycheck. Other benefits include increasing your ability to think critically and communicate your ideas to others, improving your ability to use technology, and preparing yourself to live in a diverse and competitive world. Knowing you've met your goals and earned a college degree also gives you the self-confidence to work toward future goals.

Experts say today's college graduates will likely hold seven or eight different jobs (often in several different careers) in their lifetime. Many returning students are changing their careers and their plans for life. In fact, in recent years the percentage increase of students age 25 or older enrolling in college has been larger than the percentage of younger students.<sup>2</sup> In addition, over 50 percent of all part-time college students are 25 or older.<sup>3</sup>

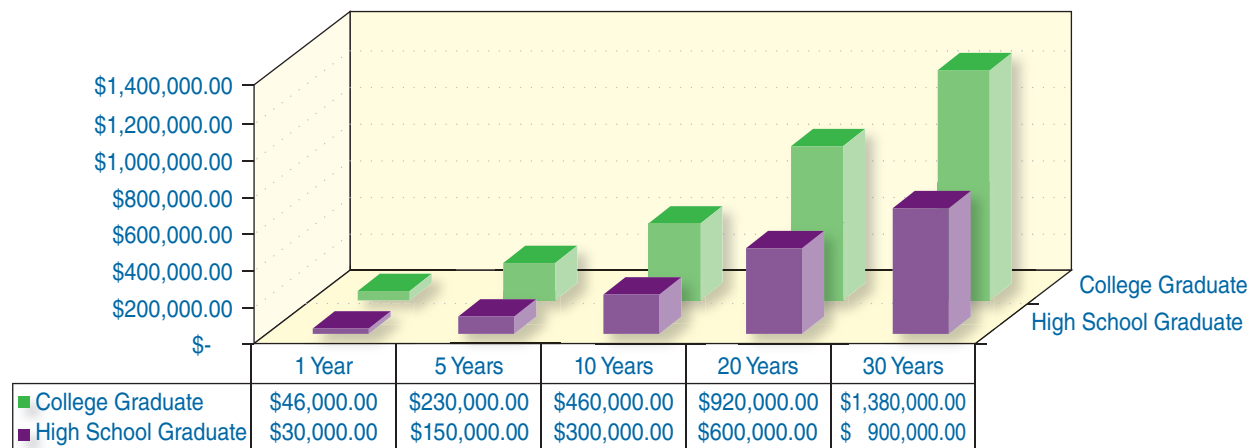
You too may want to change careers someday. It can be the path to long-term happiness and success. That means you'll have to be flexible and adjust your strengths and talents to new opportunities. Learning has become a lifelong job. You'll need to constantly update your skills to achieve high competence and remain competitive.

If you're typical of many college students, you may not have any idea what career you'd like to pursue. That isn't necessarily a big disadvantage in today's fast-changing job market. After all, many of the best jobs of the future don't even exist today. Figure P.2 lists 10 careers that didn't exist 10 years ago. There are no perfect or certain ways to prepare for the most interesting and challenging jobs of tomorrow. Rather, you should continue your college education, develop strong technology and Internet skills, improve your verbal and written communication skills, and remain flexible and forward thinking while you explore the job market.



*The rewards of college are well worth the effort for graduates, who can expect to earn over 60 percent more than high school graduates over the course of their careers. Businesses like graduates too, because the growing needs of a global workplace require knowledgeable workers to fill the jobs of the future. What other benefits do you see from earning a college degree?*

**FIGURE P.1 SALARY COMPARISON OF HIGH SCHOOL VERSUS COLLEGE GRADUATES**



**FIGURE P.2 NEW CAREERS**

These careers didn't exist 10 years ago:

- IOS Developer
- Android Developer
- Zumba Instructor
- Social Media Intern
- Data Scientist
- UI/UX Designer
- Big Data Architect
- Beachbody Coach
- Cloud Services Specialist
- Digital Marketing Specialist

Source: LinkedIn, [www.linkedin.com](http://www.linkedin.com), accessed May 2014.

One of the objectives of this class, and this book, is to help you choose an area in which you might enjoy working and have a good chance to succeed. You'll learn about economics, global business, ethics, entrepreneurship, management, marketing, accounting, finance, and more. At the end of the course, you should have a much better idea which careers would be best for you and which you would not enjoy.

But you don't have to be in business to use business principles. You can use marketing principles to get a job and to sell your ideas to others. You can use your knowledge of investments to make money in the stock market. You'll use your management skills and general business knowledge wherever you go and in whatever career you pursue—including government agencies, charities, and social causes.

## ASSESSING YOUR SKILLS AND PERSONALITY

The earlier you can do a personal assessment of your interests, skills, and values, the better it can help you find career direction. Hundreds of schools use software exercises like the System for Interactive Guidance and Information (SIGI) and DISCOVER to offer self-assessment exercises, personalized lists of occupations based on your interests and skills, and information about different careers and the preparation each requires. Visit your college's placement center, career lab, or library soon and learn what programs are available for you. Even if you're a returning student with work experience, an assessment of your skills will help you choose the right courses and career path to follow next.

Self-assessment will help you determine the kind of work environment you'd prefer (technical, social service, or business); what values you seek to fulfill in a career (security, variety, or independence); what abilities you have (creative/artistic, numerical, or sales); and what job characteristics matter to you (income, travel, or amount of job pressure versus free time).

## USING PROFESSIONAL BUSINESS STRATEGIES RIGHT NOW

Here are two secrets to success you can start practicing now: *networking* and *keeping files on subjects important to you*.

Networking is building a personal array of people you've met, spoken to, or corresponded with who can offer you advice about and even help with your career options.<sup>4</sup> Start with the names of your professors, both as employment references and as resources about fields of interest to you. Add additional contacts, mentors, and resource people, and keep the notes you make when talking with them about careers including salary information and courses you need to take.

All students need a way to retain what they learn. An effective way to become an expert on almost any business subject is to set up your own information system. You can store data on your computer, tablet, and cell phone (back up these files!), or you can establish a comprehensive filing system on paper, or you can use a combination of the two. Few college students take the time to make this effort; those who don't lose much of the information they read in college or thereafter.

Keep as many of your textbooks and other assigned readings as you can, as well as your course notes. Read a national newspaper such as *The Wall Street Journal*, *The New York Times*, or *USA Today*. Read your local newspaper. Each time you read a story that interests you, save a paper copy or add a link to the story online in your electronic file, under a topic heading like *careers*, *small business*, *marketing*, *economics*, or *management*. You'll easily find the latest data on almost any subject on the Internet. Don't rely on just one site for information (and be wary of Wikipedia)! Get familiar with a variety of sources and use them.

Start a file for your résumé. In it, keep a copy of your current résumé along with reference letters and other information about jobs you may have held, including projects accomplished and additions to your responsibilities over time, plus any awards or special recognition you may have received. Soon you'll have a tremendous amount of information to help you prepare a polished résumé and answer challenging job interview questions with ease.

Watching television shows about business, such as *Nightly Business Report* and Jim Cramer's *Mad Money*, helps you learn the language of business and become more informed about current happenings in business and the economy. Try viewing some of these shows or listening to similar ones on the radio, and see which ones you like best. Take notes and put them in your files. Keep up with business news in your area so that you know what jobs are available and where. You may also want to join a local business group to begin networking with people and learning the secrets of the local business scene. Many business groups and professional business societies accept student members.



*Networking provides you with an array of personal contacts on whom you can call for career advice and help. Have you begun creating your network yet? Are you part of someone else's?*

## LEARNING TO BEHAVE LIKE A PROFESSIONAL

There's a reason good manners never go out of style. As the world becomes increasingly competitive, the gold goes to teams and individuals with that extra bit of polish. The person who makes a good impression will be the one who gets the job, wins the promotion, or clinches the deal. Good manners and professionalism are not difficult to acquire; they're second nature to those who achieve and maintain a competitive edge.

Not even a great résumé or designer suit can substitute for poor behavior, including verbal behavior, in an interview. Say "please" and "thank you" when you ask for something. Certainly make it a point to arrive on time, open doors for others, stand when an older person enters the room, and use a polite tone of voice. You may want to take a class in etiquette or read a book on etiquette to learn the proper way to eat in a nice restaurant, what to do at a formal party, and so on.<sup>5</sup> Of course, it's also critical to be honest, reliable, dependable, and ethical at all times.

Some rules are not formally written anywhere; instead, every successful businessperson learns them through experience. If you follow these rules in college, you'll have the skills for success when you start your career. Here are the basics:

1. **Making a good first impression.** An old saying goes, "You never get a second chance to make a good first impression." You have just a few seconds to make an impression. Therefore, how you dress and how you look are important. Take your cue as to what is appropriate at any specific company by studying the people there who are most successful. What do they wear? How do they act?





*Many businesses have adopted business casual as the proper work attire, but others still require traditional clothing styles. How does your appearance at work affect both you and your company?*

2. **Focusing on good grooming.** Be aware of your appearance and its impact. Wear appropriate, clean clothing and a few simple accessories. Revealing shirts, nose rings, and tattoos may not be appropriate in a work setting. Be consistent, too; you can't project a good image by dressing well a few times a week and then showing up looking like you're getting ready to mow a lawn.

Many organizations have adopted "business casual" guidelines, but others still require traditional attire, so ask what the organization's policies are and choose your wardrobe accordingly. Casual doesn't mean sloppy or shabby. Wrinkled clothing, shirttails hanging out, and hats worn indoors are not usually appropriate. For women, business casual attire includes simple skirts and slacks (no jeans), cotton shirts, sweaters (not too tight), blazers, and low-heeled shoes or boots. Men may wear khaki trousers, sport shirts with collars, sweaters or sport jackets, and casual loafers or lace-up shoes.

3. **Being on time.** When you don't come to class or work on time, you're sending this message to your teacher or boss: "My time is more important than your time. I have more important things to do than be here." In addition to showing a lack of respect to your teacher or boss, lateness rudely disrupts the work of your colleagues.

Pay attention to the corporate culture. Sometimes you have to come in earlier than others and leave later to get that promotion you desire. To develop good work habits and get good grades, arrive in class on time and avoid leaving (or packing up to leave) early.

4. **Practicing considerate behavior.** Listen when others are talking—for example, don't check your cell phone for messages, read the newspaper, or eat in class. Don't interrupt others when they are speaking; wait your turn. Eliminate profanity from your vocabulary. Use appropriate body language by sitting up attentively and not slouching. Sitting up has the added bonus of helping you stay awake! Professors and managers alike get a favorable impression from those who look and act alert.

5. **Practicing good e-mail etiquette.** The basic rules of courtesy in face-to-face communication also apply to e-mail exchanges. Introduce yourself at the beginning of your first e-mail message. Next, let your recipients know how you got their names and e-mail addresses. Then proceed with your clear but succinct message, and always be sure to type full words (*ur* is not the same thing as *your*). Finally, close the e-mail with a signature. Do not send an attachment unless your correspondent has indicated he or she will accept it. Ask first! You can find much more information about proper Internet etiquette, or netiquette, online—for example, at [NetManners.com](http://NetManners.com).

6. **Practicing good cell phone manners.** Your Introduction to Business class is not the place to be arranging a date for tonight. Turn off the phone during class or in a business meeting unless you are expecting a critical call. If you are expecting such a call, let your professor know before class. Turn off your ringer and put the phone on vibrate. Sit by the aisle and near the door. If you do receive a critical call, leave the room before answering it. Apologize to the professor after class and explain the situation.

7. **Practicing safe posting on social media.** Be careful what you post on your Facebook page or any other social media. While it may be fun to share your latest adventures with your friends, your boss or future boss may not appreciate your latest party pictures. Be aware that those pictures may not go away even if you delete them from your page. If anyone else downloaded them, they are still out there waiting for a recruiter to discover. Make sure to update your privacy settings frequently. It's a good idea to separate your list of work friends and limit what that group can view. Also be aware that some work colleagues aren't interested in becoming your Facebook friends. To avoid awkwardness, wait for work associates

to reach out to you first. Make sure you know your employer's policy on using social media on company time.<sup>6</sup> Obviously, they will probably frown on using it for personal use on company time, but there may be rules about sharing technical matter, company information, etc. Be mindful that social media accounts time-stamp your comments.

8. **Being prepared.** A businessperson would never show up for a meeting without having read the appropriate materials and being prepared to discuss the topics on the agenda. For students, acting like a professional means reading assigned materials before class, having written assignments ready to be turned in, asking and responding to questions in class, and discussing the material with fellow students.

Just as traffic laws enable people to drive more safely, business etiquette allows people to conduct business with the appropriate amount of consideration. Sharpen your competitive edge by becoming familiar with its rules. If your job or career requires you to travel internationally, learn the proper business etiquette for each country you visit.<sup>7</sup> Customs differ widely for such everyday activities as greeting people, eating, giving gifts, presenting and receiving business cards, and conducting business in general. In Japan, businesspeople typically bow instead of shaking hands, and in some Arab countries it is insulting to sit so as to show the soles of your shoes. Honesty, high ethical standards, and reliability and trustworthiness are important for success in any country.

Having a reputation for integrity will enable you to be proud of who you are and contribute a great deal to your business success. Unethical behavior can ruin your reputation; so think carefully before you act. When in doubt, don't! Ethics is so important to success that we include discussions about it throughout the text.

## DOING YOUR BEST IN COLLEGE

The skills you need to succeed in life after college are the same ones that will serve you well in your studies. Career, family, and hobbies all benefit from organizational and time management skills you can apply right now. Here are some tips for improving your study habits, taking tests, and managing your time.

### Study Hints

For the remainder of your college career, consider studying to be your business. Though you may hold another job while enrolled in this class, you're in school because you want to advance yourself. So until you get out of school and into your desired occupation, studying is your business. And like any good businessperson, you aim for success. Follow these strategies:

1. **Go to class.** It's tempting to cut a class on a nice day or when there are other things to do. But nothing is more important to doing well in school than going to class every time. If possible, sit in the front near the instructor. This will help you focus better and avoid distractions in the room.
2. **Listen well.** It's not enough to show up for class if you use the time for a nap. Make eye contact with the instructor. In your mind, form a picture of what he or she is discussing. Include your existing knowledge and past experiences in your picture. This ties new knowledge to what you already know.



*Behavior that's taken for granted in other countries might be unusual in the United States. In some cultures bowing is a form of greeting to show respect. How can you learn the appropriate business etiquette for the countries in which you do business?*

3. **Take careful notes.** Make two columns in your notebook, laptop, or tablet. On one side write down important concepts, and on the other examples or more detailed explanations. Use abbreviations and symbols whenever possible and wide spacing to make the notes easier to read. Edit your notes after class to make sure you fully understand what was discussed in class. Rereading and rewriting help store the information in your long-term memory. Learn the concepts in your courses the same way you learn the words to your favorite song: through repetition and review.
4. **Find a good place to study.** Find a place with good lighting and a quiet atmosphere. Some students do well with classical music or other music without lyrics playing in the background. Keep your study place equipped with extra supplies such as pens, pencils, calculator, folders, and paper so you don't have to interrupt studying to hunt for them.
5. **Read the text using a strategy such as “survey, question, read, recite, review” (SQ3R).**
  - a. *Survey* or scan the chapter first to see what it is all about. This means looking over the table of contents, learning objectives, headings, photo essays, and charts so you get a broad idea of the content. The summaries at the end of each chapter in this text provide a great overview of the concepts in the chapter. Scanning will provide an introduction and help get your mind in a learning mode.
  - b. Write *questions*, first by changing the headings into questions. For example, you could change the heading of this section to “What hints can I use to study better?” Read the questions that appear throughout each chapter in the Test Prep sections to give yourself a chance to recall what you've read.
  - c. *Read* the chapter to find the answers to your questions. Be sure to read the boxes in the chapter as well. They offer extended examples or discussions of the concepts in the text. You've probably asked, “Will the material in the boxes be on the tests?” Even if your instructor chooses not to test over them directly, they are often the most interesting parts of the chapter and will help you retain the chapter concepts better.
  - d. *Recite* your answers to yourself or to others in a study group. Make sure you say the answers in your own words so that you clearly understand the concepts. Research has shown that saying things is a more effective way to learn them than seeing, hearing, or reading about them. While often used in study groups, recitation is also good practice for working in teams in the work world.
  - e. *Review* by rereading and recapping the information. The chapter summaries are written in a question-and-answer form, much like a classroom dialogue. They're also tied directly to the learning objectives so that you can see whether you've accomplished the chapter's objectives. Cover the written answers and see whether you can answer the questions yourself first.
6. **Use flash cards.** You'll master the course more easily if you know the language of business. To review the key terms in the book, write any terms you don't know on index cards and go through your cards between classes and when you have other free time.

The SQ3R study system recommends that you “survey, question, read, recite, and review” to stay up-to-date with assignments and shine in class every day. Have you adopted this system?



7. **Use Connect Introduction to Business** (if your professor has recommended it for your course). Connect's online features include interactive presentations, LearnSmart (adaptive learning technology that identifies what you know and don't know, and personalizes your learning experience, ensuring that every minute spent studying with LearnSmart is the most efficient and productive study time possible), SmartBook (creates a personalized reading

experience by highlighting the most impactful concepts you need to learn at that moment in time), and interactive applications.

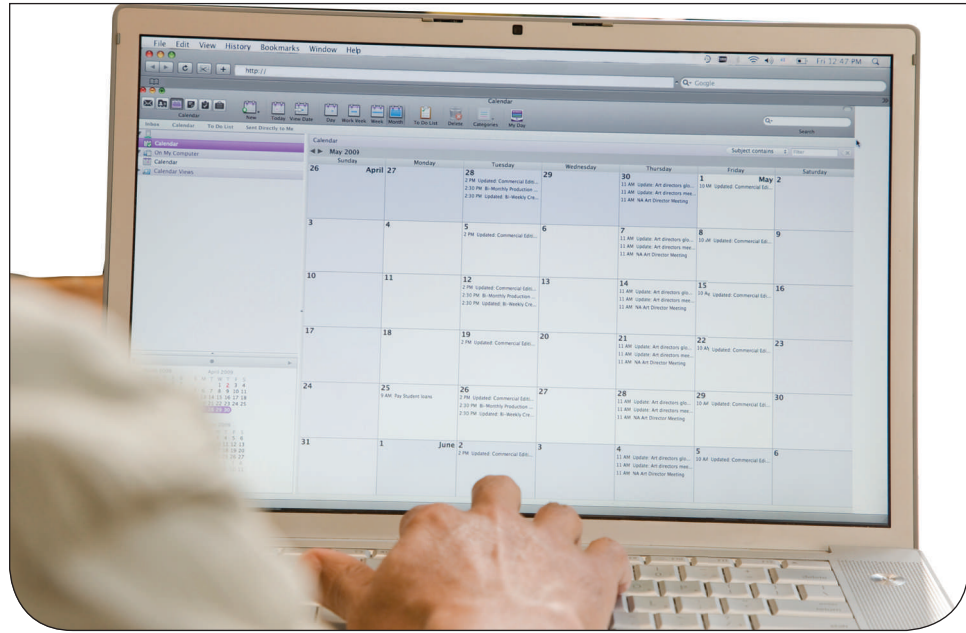
8. **Go over old exams, if possible.** If old exams are not available from your professor, ask how many multiple-choice, true/false, and essay questions will be on your test. It's acceptable to ask your professor's former students what kind of questions are given and what material is usually emphasized. It is unethical, though, to go over exams you obtain illegally.
9. **Use as many of your senses in learning as possible.** If you're an auditory learner—that is, if you learn best by hearing—record yourself reading your notes and answering the questions you've written. Listen to the tape while you're dressing in the morning. You can also benefit from reading or studying aloud. If you're a visual learner, use pictures, charts, colors, and graphs. Your professor has a set of videos that illustrate the concepts in this text. If you're a kinesthetic learner, you remember best by doing, touching, and experiencing. Doing the Developing Workplace Skills exercises at the end of each chapter will be a big help.

## Test-Taking Hints

Often students will say, "I know this stuff, but I'm just not good at taking multiple-choice (or essay) tests." Other students find test taking relatively easy. Here are a few test-taking hints:

1. **Get plenty of sleep and have a good meal.** It's better to be alert and awake during an exam than to study all night and be groggy. If you keep up with your reading and your reviews on a regular basis, you won't need to pull an all-nighter. Proper nutrition also plays an important part in your brain's ability to function.
2. **Bring all you need for the exam.** Sometimes you'll need No. 2 pencils, erasers, and a calculator. Ask beforehand.
3. **Relax.** At home before the test, take deep, slow breaths. Picture yourself in the testing session, relaxed and confident. Reread the chapter summaries. Get to class early to settle down. If you start to get nervous during the test, stop and take a few deep breaths. Turn the test over and write down information you remember. Sometimes this helps you connect the information you know to the questions on the test.
4. **Read the directions on the exam carefully.** You don't want to miss anything or do something you're not supposed to do.
5. **Read all the answers in multiple-choice questions.** Even if there is more than one correct-sounding answer to a multiple-choice question, one is clearly better. Read them all to be sure you pick the best. Try covering up the choices while reading the question. If the answer you think of is one of the choices, it is probably correct. If you are still unsure of the answer, start eliminating options you know are wrong. Narrowing the choices to two or three improves your odds.
6. **Answer all the questions.** Unless your instructor takes off more for an incorrect answer than for no answer, you have nothing to lose by guessing. Also, skipping a question can lead to inadvertently misaligning your answers on a scan sheet. You could end up with all your subsequent answers scored wrong!
7. **Read true/false questions carefully.** All parts of the statement must be true or else the entire statement is false. Watch out for absolutes such as *never*, *always*, and *none*. These often make a statement false.
8. **Organize your thoughts before answering essay questions.** Think about the sequence in which to present what you want to say. Use complete sentences with correct grammar and punctuation. Explain or defend your answers.
9. **Go over the test at the end.** Make sure you've answered all the questions, put your name on the exam, and followed all directions.

*Keeping a daily schedule is only one of the many strategies that will help you manage your time. You should also keep a running list of goals and things you need to do each week. In what other ways can you defend your study time?*



## Time Management Hints

The most important management skill you can learn is how to manage your time. Now is as good an opportunity to practice as any. Here are some hints other students have learned—often the hard way:

1. **Write weekly goals for yourself.** Make certain your goals are realistic and attainable. Write the steps you'll use to achieve each goal. Reward yourself when you reach a goal.
2. **Keep a "to do" list.** It's easy to forget things unless you write them down. Jot tasks down as soon as you know of them. That gives you one less thing to do: remembering what you have to do.
3. **Prepare a daily schedule.** Use a commercial printed or electronic daily planner or create your own. Write the days of the week across the top of the page. Write the hours of the day from the time you get up until the time you go to bed down the left side. Draw lines to form columns and rows and fill in all the activities you have planned in each hour. Hopefully, you will be surprised to see how many slots of time you have available for studying.
4. **Prepare for the next day the night before.** Having everything ready to go will help you make a quick, stress-free start in the morning.
5. **Prepare weekly and monthly schedules.** Use a calendar to fill in activities and upcoming assignments. Include both academic and social activities so that you can balance your work and fun.
6. **Space out your work.** Don't wait until the last week of the course to write all your papers and study for your exams. If you do a few pages a day, you can write a 20-page paper in a couple of weeks with little effort. It is really difficult to push out 20 pages in a day or two.
7. **Defend your study time.** Study every day. Use the time between classes to go over your flash cards and read the next day's assignments. Make it a habit to defend your study time so you don't slip.
8. **Take time for fun.** If you have some fun every day, life will be full. Schedule your fun times along with your studying so that you have balance.

“Time is money,” the saying goes. Some, however, would argue that time is more valuable than money. If your bank account balance falls, you might be able to build it back up by finding a better-paying job, taking a second job, or even selling something you own. But you have only a limited amount of time and there is no way to make more. Learn to manage your time well, because you can never get it back.

## MAKING THE MOST OF THE RESOURCES FOR THIS COURSE

College courses and textbooks are best at teaching you concepts and ways of thinking about business. However, to learn firsthand how to apply those ideas to real business situations, you need to explore and interact with other resources. Here are seven basic resources for the class in addition to the text:

1. **The professor.** One of the most valuable facets of college is the chance to study with experienced professors. Your instructor is a resource who’s there to answer some questions and guide you to answers for others. Many professors get job leads they can pass on to you and can provide letters of recommendation too. Thus it’s important to develop a friendly relationship with your professors.
2. **The supplements that come with this text.** Connect Introduction to Business online course material (if your professor has recommended it for your course) will help you review and interpret key material and give you practice answering test questions. Even if your professor does not assign these materials, you may want to use them anyhow. Doing so will improve your test scores and help you compete successfully with the other students.
3. **Outside readings.** One secret to success in business is staying current. Review and become familiar with the following magazines and newspapers during the course and throughout your career: *The Wall Street Journal*, *Forbes*, *Barron’s*, *Bloomberg Businessweek*, *Fortune*, *Money*, *The Economist*, *Hispanic Business*, *Harvard Business Review*, *Black Enterprise*, *Fast Company, Inc.*, and *Entrepreneur*. You may also want to read your local newspaper’s business section and national news magazines such as *Time* and *Newsweek*. You can find them in your school’s learning resource center or the local public library. Some are also available online free.
4. **Your own experience and that of your classmates.** Many college students have had experience working in business or nonprofit organizations. Hearing and talking about those experiences exposes you to many real-life examples that are invaluable for understanding business. Don’t rely exclusively on the professor for all the answers and other exercises in this book. Often there is no single “right” answer, and your classmates may open up new ways of looking at things for you.

Part of being a successful businessperson is learning how to work with others. Some professors encourage their students to work together and build teamwork as well as presentation and analytical skills. Students from other countries can help you learn about different cultures and different approaches to handling business problems. There is strength in diversity, so seek out people different from you to work with on teams.

*Your college professors are among the most valuable resources and contacts you’ll encounter as you develop your career path. How many of your professors have you gotten to know so far?*



5. **Outside contacts.** Who can tell you more about what it's like to start a career in accounting than someone who's doing it now? One of the best ways to learn about different businesses is to visit them in person. The world can be your classroom.

When you go shopping, think about whether you would enjoy working in and managing a store. Think about owning or managing a restaurant, an auto body shop, a health club, or any other establishment you visit. If something looks interesting, talk to the employees and learn more about their jobs and the industry. Be constantly on the alert to find career possibilities, and don't hesitate to talk with people about their careers. Many will be pleased to give you their time and honest opinions.

6. **The Internet.** The Internet offers more material than you could use in a lifetime. Throughout this text we present information and exercises that require you to use the Internet. Information changes rapidly, and it is up to you to stay current.
7. **The library or learning resource center.** The library is a great complement to the Internet and a valuable resource. Work with your librarian to learn how to best access the information you need.

## Getting the Most from This Text

Many learning aids appear throughout this text to help you understand the concepts:

1. **List of Learning Objectives at the beginning of each chapter.** Reading through these objectives will help you set the framework and focus for the chapter material. Since every student at one time or other has found it difficult to get into studying, the Learning Objectives are there to provide an introduction and to get your mind into a learning mode.
2. **Getting to Know and Name That Company features.** The opening stories will help you *get to know* professionals who successfully use the concepts presented in the chapters. The Name That Company feature at the beginning of each chapter challenges you to identify a company discussed in the chapter.
3. **Photo essays.** The photos offer examples of the concepts in the chapter. Looking at the photos and reading the photo essays (captions) before you read the chapter will give you a good idea of what the chapter is all about.
4. **Self-test questions.** Periodically, within each chapter, you'll encounter set-off lists of questions called Test Prep. These questions give you a chance to pause, think carefully about, and recall what you've just read.
5. **Key terms.** Developing a strong business vocabulary is one of the most important and useful aspects of this course. To assist you, all key terms in the book are highlighted in boldface type. Key terms are also defined in the margins, and page references to these terms are given at the end of each chapter. A full glossary is located in the back of the book. You should rely heavily on these learning aids in adding new terms to your vocabulary.
6. **Boxes.** Each chapter contains a number of boxed extended examples or discussions that cover major themes of the book: (a) ethics (Making Ethical Decisions); (b) small business (Spotlight on Small Business); (c) global business (Reaching Beyond Our Borders); (d) environmental issues (Seeking Sustainability); and (e) contemporary business issues (Adapting to Change). They're interesting to read and provide key insights into important business issues; we hope you enjoy and learn from them.
7. **End-of-chapter summaries.** The chapter summaries are directly tied to the chapter Learning Objectives so that you can see whether you've accomplished the chapter's objectives.
8. **Critical Thinking questions.** The end-of-chapter questions help you relate the material to your own experiences.

9. **Developing Workplace Skills exercises.** To really remember something, it's best to do it. That's why Developing Workplace Skills sections at the end of each chapter suggest small projects that help you use resources, develop interpersonal skills, manage information, understand systems, and sharpen technology skills.
10. **Taking It to the Net exercises.** These exercises direct you to dynamic outside resources that reinforce the concepts introduced in the text. You might want to bookmark some of the websites you'll discover.
11. **Video Cases.** These cases feature companies, processes, practices, and managers that bring to life the key concepts in the chapter and give you real-world information to think over and discuss.

If you use the suggestions we've presented here, you'll actively participate in a learning experience that will help you greatly in this course and your chosen career. The most important secret to success may be to enjoy what you're doing and do your best in everything. To do your best, take advantage of all the learning aids available to you.

## notes

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5. Barbara Pachter, *The Essentials of Business Etiquette—How to Greet, Eat, and Tweet Your Way to Success* (New York, McGraw-Hill, 2013); and Susan Adams, "A Guide to Business Etiquette: What's New?" *Forbes*, May 14, 2014.
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## 1

# Taking Risks and Making Profits within the Dynamic Business Environment

## Learning Objectives

AFTER YOU HAVE READ AND STUDIED THIS CHAPTER, YOU SHOULD BE ABLE TO

- LO 1-1** Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.
- LO 1-2** Compare and contrast being an entrepreneur and working for others.
- LO 1-3** Analyze the effects of the economic environment and taxes on businesses.
- LO 1-4** Describe the effects of technology on businesses.
- LO 1-5** Demonstrate how businesses can meet and beat competition.
- LO 1-6** Analyze the social changes affecting businesses.
- LO 1-7** Identify what businesses must do to meet global challenges, including war and terrorism.
- LO 1-8** Review how past trends are being repeated in the present and what those trends mean for tomorrow's college graduates.