Chapter 1: Taking Risks and Making Profits within the Dynamic Business Environment

introduction

This Instructor’s Manual has been revised to include all teaching resources offered for your course. It is organized for ease of use, so you can follow along in the classroom and use relevant materials as they are needed.

contents

Icebreaker Activity

Brief Chapter Outline, Learning Objectives, and Classroom Activities

# Lecture Enhancers

Critical Thinking Exercises

Bonus Cases

Connect Instructor’s Manual

additional resource

For more lecture-enhancing examples and videos, visit our blog at http://understandingbiz.com.

what’s new in this edition

**Additions:**

* + Getting to Know Ann-Marie Campbell of Home Depot
  + Name That Company: Equifax
  + Issues regarding the COVID-19 pandemic and social injustice protests are addressed in several photo essays throughout the text.
  + Adapting to Change box: Creating Sustainability through a Circular Economy
  + Connecting through Social Media box: The Lucrative Challenge of Connecting with Gen Z Online
  + Reaching Beyond Our Borders box: Coca-Cola’s Global Offerings Expand Far beyond Soda
  + Video Case: Building a Shopping Community of People (Poshmark)

**Revisions:**

Statistical data and examples throughout the chapter were updated to reflect current information. In addition:

* + Subsection “Managing Diversity” was enhanced with discussion of promoting inclusion and belonging in the workplace.

**Deletions:**

* Boxes: Adapting to Change Spotlight on Small Business, Reaching Beyond Our Borders, Adapting to Change

Video Case

icebreaker Activity

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| Exercise: | Puzzle Fun |
| Learning Objectives: | 1-1Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all. |
| Instructor Prep Time: | 20–30 minutes |
| Supplies: | 5–10 small puzzles containing 5–6 puzzle pieces. |
| Class Type: | Face-to-Face, Hybrid, and Online |
| Ideal Class Size: | N/A |
| Set-up Time: |  |
| Face-to-Face  Hybrid | 5 minutes to hand out puzzle pieces and create teams |
| Online | 1–2 hours to find puzzle and 15 minutes to post puzzle. |
| Student Work Time: | 30 minutes |
| Wrap-up Time: |  |
| Face-to-Face  Hybrid | 15–20 minutes to discuss “takeaways” |
| Online | Online chat room—1 to 2 days to answer any questions. |
| Evaluation Suggestions: | N/A |

**Set-up: In-person and Hybrid**

* Depending on the class size, purchase 5–10 small puzzles containing 5 - 6 puzzle pieces.
* Divide up the puzzle pieces and place in 5–10 sandwich bags based on the class size.
* This exercise is great for the first day of class.
* It serves as an “icebreaker” as well as illustrating Learning Objective 1-1.
* It is a fun way to start the semester.

**Online**

There are free websites that you can download puzzles to post online (Here are 3 sites – there are many more)

[www.jigsawplanet.com/](http://www.jigsawplanet.com/)

[www.jigzone.com/](http://www.jigzone.com/)

<https://www.thejigsawpuzzles.com/>

**Day of:**

* Form teams of 5–6 depending on the number of puzzle pieces per bag.
* Tell the teams there is a prize for the team that finishes first.
* Tell them you have to leave the classroom and will be back in a few minutes.
* Depending on the class, it might take a few minutes for the students to realize that they don’t have the right pieces to complete the puzzle.
* They will finally realize that the whole class has to collaborate to complete the puzzles.
* After the students realize that there are multiple puzzles and have finally completed the puzzles, have them stay in the groups, discuss the process, and analyze the steps involved.

**Student Instructions:**

* Student steps for the activity:

1. You are to put together a puzzle.

2. The first team to successfully complete the puzzle will receive a prize.

**Wrap-up/“Takeaways” suggested topics:**

* In-person/hybrid classes: Wrap-up and discussion allot 15–20 minutes. Frame the discussion around the concept that the business world is like a puzzle with multiple components performing a myriad of functions and roles (refer to Figure 1.1 A Business and Its Stakeholders) that at first glance may not seem connected but require collaboration to create a successful business.

Online: Instructor and student comments posted on the discussion page.

Brief chapter outline, learning objectives and classroom activities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Chapter Opener**  Getting to Know **Tristan Walker, Founder of Walker & Company** | | | **Summary**  Tristan Walker started his company when he had trouble finding a razor for his curly facial hair. He started Walker & Company, a lifestyle brand dedicated to providing Black men with top-quality personal care products. | **PowerPoint Slides**  PPt 6 | |
| Name That Company | | | Even though this company is charged with protecting consumers from identity theft and fraud, it was hacked itself. The data breach exposed the personal information of 147 million people. Name that company.  (Students should read the chapter before guessing the company’s name: Equifax.) | PPt 7 | |
| **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.** | **Key Terms:**  business  goods  services  entrepreneur  revenue  profit  loss  risk  standard of living  quality of life  stakeholders  outsourcing  nonprofit organization | | |
| **Lecture Notes**  I. Business and Wealth Building  A. BASIC CONCEPTS:  1. Success in business depends on consistently adapting to changes in the market.  2. A ***business*** is any activity that seeks to provide goods and services to others while operating at a profit..  a. ***Goods*** are tangible products such as computers, food, clothing, cars, and appliances.  b. ***Services*** are intangible products that can’t be held in your hand, such as education, health care, insurance, recreation, and travel and tourism.  3. Successfully filling a need will earn you income.  4. An ***entrepreneur*** is a person who risks time and money to start and manage a business.  B. Revenues, Profits, and Losses  1. ***REVENUE*** is the total amount of money a business takes in during a given period by selling goods and services.  2. ***PROFIT*** is the amount a business earns above and beyond what it spends for salaries and other expenses.  3. A ***LOSS*** occurs when a business’s expenses are more than its revenues.  4. Over 175,000 businesses in the U.S. fail each year .  C. **Matching Risk with Profit**  1. ***RISK*** is the chance an entrepreneur takes of losing time and money on a business that may not prove profitable.  2. *The text uses the example of selling hot dogs during the summer—paying for supplies, rent, salaries, and only then making a profit.*  3. The more **risks** you take, the **higher the rewards** may be.  D. STANDARD OF LIVING AND QUALITY OF LIFE  1. Entrepreneurs **PROVIDE EMPLOYMENT** for other people.  2. They also **PAY TAXES** that are used for schools, hospitals, and other facilities.  3. Businesses are part of an economic system that helps create a higher **STANDARD OF LIVING** and quality of life for everyone.  4. ***STANDARD OF LIVING*** is the amount of goods and services people can buy with the money they have.  5. Potential businesspeople must find a location with the right level of taxes and regulations.  6. ***QUALITY OF LIFE***is the general well-being of a society in terms of political freedom, natural environment, education, health care, safety, amount of leisure, and rewards that add to the satisfaction and joy that other goods and services provide.  7. The combined efforts of businesses, nonprofit organizations, and government agencies are required to maintain a high quality of life.  E. RESPONDING TO THE VARIOUS BUSINESS STAKEHOLDERS   * + 1. ***STAKEHOLDERS*** are all the people who stand to gain or lose by the policies and activities of a business and whose concerns the business needs to address.     2. Stakeholders include customers, employees, stockholders, suppliers, bankers, people in the local community, environmentalists, and elected leaders.     3. A challenge for companies of the 21st century will be to recognize and respond to the needs of their stakeholders.     4. To stay competitive, businesses may **outsource** jobs to other countries.        1. ***Outsourcing*** means contracting with other companies (often in other countries) to do some or all of the functions of the firm, like its production or accounting tasks.        2. Many foreign companies have set up design and production facilities here in the United States, a practice known as **insourcing**.        3. The decision whether to outsource or to insource is based on what is best for all the stakeholders.   F. USING BUSINESS PRINCIPLES IN NONPROFIT ORGANIZATIONS  1. **Nonprofit organizations**—such as government agencies, public schools, charities, and social causes—make a major contribution to the welfare of society.  a. A ***NONPROFIT ORGANIZATION*** is an  organization whose goals do not include  making a personal profit for its owners or  organizers.  2. You need the **SAME SKILLS** to work in nonprofit organizations that you need in business, including information management, leadership, marketing, and financial management. | | | **Classroom Activities**  Connect Application Exercises  See p. 39 of this manual for summaries and follow-up activities.  lecture enhancer 1-1  **The World’s Richest People**  These are the world’s richest people—their wealth, age, and country of citizenship. (See the complete lecture enhancer on page 22 of this manual.)  critical thinking exercise 1-1  **How Much Profit?**  The text defines profit as the amount a business earns above and beyond what it spends for salaries and other expenses. Students often have a very inaccurate idea of how much profit businesses actually make. This exercise leads students to find this actual profit percentage. (See the complete exercise on page 31 of this manual.)  lecture enhancer 1-2  **Poor Potato Crop Leads to Fears of French Fry Supply**  French fries need potatoes, and potatoes need the right kind of weather to grow. An industry is threatened when the weather doesn’t cooperate. (See the complete lecture enhancer on page 23 of this manual.)  lecture enhancer 1-3  Virtual Restaurants Rely on Rising Demand for Delivery  To meet demand, restaurant owners are selling their meals straight from the kitchen to the customer, with no physical restaurant location. Delivery is completely outsourced to Uber. (See the complete lecture enhancer on page 24 of this manual.) | **PowerPoint Slides**  PPt 8-10  PPt 11  PPt 12  PPt 14-15  PPt 16  PPt 18  PPt 19 |
| **Figures:** | | | FIGURE 1.1  **A BUSINESS AND ITS STAKEHOLDERS**  Often the needs of a firm’s  various stakeholders will  conflict. For example, paying  employees more may cut into stockholders’ profits. Balancing such demands is a major role of business managers. | PPt 17 |

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| **LO 1-2** | **Explain how entrepreneurship and the other factors of production contribute to the creation of wealth.** | **Key Terms:**  factors of production  business environment | | |  | |
| **Lecture Notes:**  II. THE IMPORTANCE OF ENTREPRENEURS TO THE CREATION OF WEALTH  A. THERE ARE TWO WAYS TO SUCCEED IN BUSINESS:  1. One way is to **RISE UP THROUGH THE RANKS** of a large company.  2. The riskier path is to **START YOUR OWN BUSINESS.**  B. THE FIVE FACTORS OF PRODUCTION  1. The ***FACTORS OF PRODUCTION*** are the resources used to create wealth:  a. **LAND** *(or natural resources)*  b. **LABOR** *(workers)*  c. **CAPITAL**  i.This includes machines, tools, buildings, or whatever is used in the production of goods, but not money.  ii. Money is used to buy factors of production.  d. **ENTREPRENEURSHIP**  e. **KNOWLEDGE**  2. Some experts, including the late Peter Drucker, believe that the most important factor of production is **KNOWLEDGE.**  3. Some countries are rich in land or labor, but these aren’t critical to wealth creation.  4. What makes rich countries rich is a combination of **entrepreneurship** and the effective use of **knowledge**.  III. THE BUSINESS ENVIRONMENT  A. The *BUSINESS ENVIRONMENT* consists of the surrounding factors that either help or hinder the development of business; they are:  1. The economic and legal environment.  2. The technological environment.  3. The competitive environment.  4. The social environment.  5. The global business environment.  Businesses that create jobs and wealth grow and prosper in a healthy environment. | | | **Classroom Activities**  critical thinking exercise 1-2  **Job and Career Versus Owning a Business**  This exercise offers questions to ask yourself when considering starting a business. (See the complete exercise on page 33 of this manual.)  lecture enhancer 1-4  **Mobile Entrepreneurs Operate on the Go**  Entrepreneurship isn’t just for the office or storefront anymore. Jetsetters can get in on the fun from the road too. (See the complete lecture enhancer on page 25 of this manual.) | **PowerPoint slides:**  PPt 23  PPt 26  PPt 29 |
| **Figures:** | | | FIGURE 1.2  **THE FIVE FACTORS OF PRODUCTION**  FIGURE 1.3  **TODAY’S DYNAMIC BUSINESS ENVIRONMENT** | PPt 27  PPt 30 |
| **LO 1-3** | **Analyze the effects of the economic environment and taxes on businesses.** | Key Terms:  N/A | | |
| **Lecture Notes**  B. THE ECONOMIC AND LEGAL ENVIRONMENT  1. People are willing to risk starting businesses if they feel that the risk is acceptable.  2. **GOVERNMENTS CAN LESSEN THE RISK** of starting a business and increasing entrepreneurship and wealth by:  a. Minimizing spending and keeping **taxes and regulations** to a minimum.  b. Allowing **private ownership** of business.  c. Passing **laws** that enable businesspeople to write enforceable contracts.  d. Establishing a **currency** that is tradable in world markets.  e. **MinimizING corruption** in business and government.  3. **CORRUPT AND ILLEGAL ACTIVITIES** negatively affect the business community and the economy.  4. Ethics is important to the success of a business.  5. Governments from different countries can work together to allow entrepreneurship to thrive.  6. The United Nations adopted **SUSTAINABLE DEVELOPMENT GOALS** to end poverty and improve lives. | | | **Classroom Activities**  critical thinking exercise 1-3  **Making Ethical Decisions**  This exercise raises the question: What does the student do when he or she comes to a Making Ethical Decisions box in the text? (See the complete exercise on page 35 of this manual.) | **PowerPoint slides**  PPt 31 |
| **LO 1-4** | **Describe the effects of technology on businesses.** | **Key Terms:**  technology  productivity  e-commerce  database  identity theft | | |
| **Lecture Notes**  C. THE TECHNOLOGICAL ENVIRONMENT  1. Few technological changes have had a more lasting impact on businesses than **INFORMATION TECHNOLOGY (IT).**  2. Technological innovations have changed how people communicate with one another.  3. **HOW TECHNOLOGY BENEFITS WORKERS AND YOU**  a. ***TECHNOLOGY*** means everything from phones to computers, mobile devices, medical imaging machines, robots, the Internet, social media, and various software programs and apps that make business processes more efficient and productive.  i. **Effectiveness** means producing the desired result.  ii. **Efficiency** means producing goods and services using the least amount of resources.  b. ***PRODUCTIVITY*** is the amount of output you generate given the amount of input (such as hours worked).  c. Farmers use technology to increase production and profit.  4. **THE GROWTH OF E-COMMERCE**  a. ***E-COMMERCE*** is buying and selling of goods online.  b. There are two types of e-commerce transactions:  i. **BUSINESS-TO-CONSUMER (B2C)**  ii. **BUSINESS-TO-BUSINESS (B2B)**  c. **B2B E-COMMERCE** consists of selling goods and services from one business to another.  5. **USING TECHNOLOGY TO BE RESPONSIVE TO CUSTOMERS**  a. The businesses that are most responsive to customer wants and needs will succeed.  b. Businesses can use technology *(such as bar codes on products)* to become more responsive.  c. A ***DATABASE*** isan electronic storage file for information; one use of databases is to store vast amounts of information about consumers.  d. Databases also allow stores to carry fewer items and less inventory.  e. However, gathering personal information about people has led to ***identify theft***, obtaining individuals’ personal information, such as Social Security and credit card numbers, for illegal purposes.  f. The Federal Trade Commission says that millions of Americans are victims of identity theft each year. | | | **Classroom Activities**  bonus case 1-1  **Networking Outside the Net**  Though a lot of business networking is now done through social media, it’s no replacement for real human interaction. (See the complete case, discussion questions, and suggested answers beginning on page 37 of this manual.)  lecture enhancer 1-5  **Preventing Identity Theft**  How to reduce identity theft and what to do when it happens. (See the complete lecture enhancer on page 26 of this manual.) | **PowerPoint slides**  PPt 32  PPt 35  PPt 36 |
| **LO 1-5** | **Demonstrate how businesses can meet and beat competition.** | **Key Terms:**  empowerment | | |
| **Lecture Note:**  D. THE COMPETITIVE ENVIRONMENT  1. Making quality products is not enough to stay competitive in world markets—now you have to offer quality products and outstanding service at competitive prices.  2. **COMPETING BY EXCEEDING CUSTOMER EXPECTATIONS**  a. Customers today want good quality at low prices plus great service.  b. Business has become more **CUSTOMER-DRIVEN**— customers’ wants and needs come first.  c. Successful companies must **LISTEN TO CUSTOMERS** to determine their wants and needs and then adjust their products, policies, and practices to meet these demands.  3. **COMPETING BY RESTRUCTURING AND EMPOWERMENT**  a. To meet the needs of customers, firms must enable their frontline workers to **respond quickly to customer requests.**  b. ***EMPOWERMENT*** is giving frontline workers the responsibility, authority, freedom, training, and equipment they need to respond quickly to customer requests.  c. It sometimes takes years to restructure an organization to empower numbers. | | | **Classroom Activities** | **PowerPoint slides**  PPt 38 | |
| **LO 1-6** | **Analyze the social changes affecting businesses.** | **Key Terms:**  demography | | |
| **Lecture Note:**  E. THE SOCIAL ENVIRONMENT  1. ***DEMOGRAPHY*** is the statistical study of the human population in regard to its size, density, and other characteristics, such as age, race, gender, and income.  2. **MANAGING DIVERSITY**  a. Today diversity includes seniors, people with disabilities, people with different sexual orientations, singles, religious people, and so on.  b. The number of legal and illegal **immigrants** has had a dramatic impact on cities and businesses.  c. **Inclusion**is about having a voice that is heard.  d. **Belonging**is about feeling part of a community.  3. **THE INCREASE IN THE NUMBER OF OLDER CITIZENS**  a. U.S. citizens aged **75 and older** are the **RICHEST** demographic group in U.S. society.  b. By 2030, over 20% of the population will be over 65-years-old.  c. Career opportunities of providing goods and services for older adults include medicine, nursing homes, home health care, and more.  d. Paying Social Security to seniors will drain huge amounts of money from the economy.  e. Soon there will be **less money coming into** the Social Security system than will **be going out.**  4. **The Increase in the Number of Single-Parent Families**  a. One-third of children in the U.S. live with a single parent.  b. **SINGLE PARENTS** have encouraged businesses to implement family-friendly programs such as family leave and flextime.  5. **THE RISE OF GEN Z’S ECONOMIC INFLUENCE**  a. **Generation Z** (those born after the mid-1990s) will soon be the largest group of consumers in the world, accounting for as much as $143 billion in spending power in the U.S. | | | **Classroom Activities** | **PowerPoint slides**  PPt 40  PPt 46  PPt 50 |
| **LO 1-7** | **Identify what businesses must do to meet global challenges, including war and terrorism.** | **Key Terms:**  climate change  greening | | |
| **Lecture Notes**  F. THE GLOBAL ENVIRONMENT  1. Two important environmental changes in recent years have been the **growth of global competition** and the **increase of free trade** among nations.  a. Improvements in efficient distribution systems and online communication systems have led to more trade.  b. World trade, **globalization**, has significantly improved living standards around the world.  c. World trade has both benefits and costs, as will be discussed in Chapter 3.  2. **WAR AND TERRORISM**  a. Recent wars have drawn **TRILLIONS** of dollars from the American economy.  b. The threat of terrorism makes people more fearful and cautious and adds to business’ organizational costs.  c. Businesspeople benefit from a peaceful and prosperous world.  3. **HOW GLOBAL CHANGES AFFECT YOU**  a. Expanding global commerce will create many career opportunities for college graduates.  b. Students must prepare themselves to compete in changing global environments.  4. The Ecological Environment  a. ***CLIMATE CHANGE*** is the movement of the  temperature of the planet up or down over  time.  b. ***Greening*** is saving energy and producing  products that cause less harm to the  environment. | | | **Classroom Activities**  lecture enhancer 1-6  **European Protesters Target Amazon on Black Friday**  Amazon faced a wave of protests across Europe on Black Friday, 2019. Protests focused on employment practices and the company’s environmental practices. (See the complete lecture enhancer on page 29 of this manual.) | **PowerPoint slides**  PPt 52  PPt 53  PPt 54 |
| **LO 1-8** | **Review how past trends are being repeated in the present and what those trends mean for tomorrow’s college graduates.** | **Key Terms:**  N/A | | |
| **Lecture Notes**  IV. THE EVOLUTION OF U.S. BUSINESS  A. American businesses have become so productive that fewer workers are needed in the industrial sector to produce goods.  B. PROGRESS IN THE AGRICULTURAL AND MANUFACTURING INDUSTRIES  1. The use of **TECHNOLOGY** made the agricultural industry so **PRODUCTIVE** that the number of farmers dropped from about a third of the population to less than 1%.  2. **AGRICULTURE** is still a major industry in the U.S., but fewer and larger farms have replaced millions of small farms**.**  3. Many farmers lost their jobs in the 19th and 20th centuries and went to work in factories.  4. Now **TECHNOLOGY** is making manufacturing more productive and workers again losing their jobs.  C. PROGRESS IN THE SERVICE INDUSTRIES  1. The fastest growing firms provide services in areas like law, health, telecommunications, entertainment, and finance.  2. **Services** make up about 85% of the value of the workers in the U.S.  3. There are more high-paying jobs in the service sector than in the goods-producing sector.  D. **PROGRESS IN THE INFORMATION AGE**  1. In the Information Age, a significant portion of a company's value is based on its intellectual capital.  a. **Intellectual capital** includes employee  knowledge and skills that can be used to  create new products, attract new customers,  and increase profits.  b. Intellectual expertise encourages innovation.  **E. YOUR FUTURE IN BUSINESS** | | | **Classroom Activities**  lecture enhancer 1-7  **Non-Traditional Students Become the Norm**  More students are turning toward community colleges and they’re not always who you’d expect. (See the complete lecture enhancer on page 30 of this manual.) | **PowerPoint slides**  PPt 57  PPt 59  PPt 60  PPt 61 |

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| **Figures:** | FIGURE 1.4  **WHAT IS THE SERVICE SECTOR?**  There’s much talk about the service sector, but few discussions actually list what it includes. This figure shows several examples of businesses in the service sector. |  |

Lecture enhancers

lecture enhancer 1-1

**The World’s Richest People**

As of March 18, 2020, there were 2,095 billionaires worldwide. According to Forbes, their combined worth was $8 trillion.

**Rank Name Country of Worth**

**Citizenship ($ billions)**

1 Jeff Bezos United States $113

2 Bill Gates United States $98

3 Bernard Arnault & Family France $76

4 Warren Buffett United States $67.5

5 Larry Ellison United States $59

6 Amancio Ortega Spain $54.7

7 Mark Zuckerberg United States $56.0

8 Jim Walton United States $54.6

9 Alice Walton United States $54.4

10 Rob Walton United States $54.1

**lecture enhancer 1-2**

**POOR POTATO CROP LEADS TO FEARS OF FRENCH FRY SHORTAGE**

Multiple news outlets recently reported about a poor potato crop in Canada and the U.S. that could potentially affect the nation’s French fry supply. With winter weather arriving early throughout North America, potato growers lost thousands of acres of crops due to freezing temperatures. As a result, the U.S. Department of Agriculture estimates that American spud production will drop by six percent this year. And since potatoes used for French fries tend to be harvested later in the season, these varieties were hit especially hard during the chill.

Initial reports about the poor potato crop warned that the U.S. could soon experience a shortage of one of its favorite foods. According to industry insiders, however, these fears are likely exaggerated since farmers managed to get most of their potatoes out of the ground before the freeze. For instance, growers in Idaho harvested about 85 percent of their crop this year, which still amounts to 13 billion potatoes. “Don’t panic about the French fries,” said Frank Muir, president of the Idaho Potato Commission. “You can still go out and order them like you normally do.”

What’s more, companies that process French fries use climate-controlled facilities that can handle large stockpiles of spuds. These sophisticated supply chain operations will likely keep the nation’s fast food chains supplied with fries even during lackluster harvests. “They can hold those potatoes once they’re processed for a pretty long period of time,” said Muir. So while the poor potato crop is certainly a headache for growers, experts say it shouldn’t prevent consumers from buying French fries. “I think the consumer will not see a period of time where there’s zero product in the marketplace,” said Kevin MacIsaac of the United Potato Growers of Canada.

lecture enhancer 1-3

VIRTUAL RESTAURANTS RELY ON RISING DEMAND FOR DELIVERY

In 2017 Ricky Lopez opened a Top Round franchise in San Francisco’s Mission District. With all sorts of well-established competition in the area already, the chef and entrepreneur says that his roast beef business lost tens of thousands of dollars in its first eight months. Then last year a representative from Uber Eats informed Lopez that his area had a high demand for burgers and ice cream that was going unmet. To take advantage of this opportunity, the food delivery company suggested that Lopez open a few “virtual” restaurants that could increase his sales by as much as 50 percent.

Soon Lopez had three new brands operating out of his Top Round kitchen: a friend chicken joint, a burger place, and a dessert business. Of course, none of these establishments had physical storefronts. Instead, they are available only through the Uber Eats app. With more and more consumers opting to order delivery, Uber Eats encourages entrepreneurs like Lopez to use their existing kitchens to create virtual restaurants. The company even analyzes neighborhoods to find out what sort of cuisines are underrepresented. And although it doesn’t help entrepreneurs launch these new businesses, the potential rewards for starting an online-only operation can be great. “Delivery used to be maybe a quarter of my business,” said Lopez. “Now it’s about 75 percent of it.”

To meet the increasing demand for delivery, some entrepreneurs are even opening “ghost” kitchens that have no retail presence at all. While virtual restaurants like Lopez’s operate out of existing storefronts, ghost kitchens only pump out delivery orders. For instance, the Los Angeles startup CloudKitchens leases cooking space to chains like Sweetgreen for their delivery-only operations. But not every business is benefiting from the delivery boom. Ironically, restaurants that once relied heavily on delivery are suffering as consumers move to apps. For pizza guy Paul Geffner, most of the revenue from his five Bay Area pizzerias came from customers ordering directly from his business. People eventually switched to delivery apps like Uber Eats and Grubhub, however, which charge restaurants commissions ranging from 15 to 30 percent for each order. “We saw a direct correlation between the delivery services and the reduction of our income,” Mr. Geffner said. “It was like death by a thousand cuts.” As a result, Geffner recently closed two of his pizzerias.

**lecture enhancer 1-4**

**MOBILE ENTREPRENEURS OPERATE ON THE GO**

For many years, the famous phrase “location, location, location” served as one of the most unfailing maxims in the business lexicon. But as the digital age has broken down borders and streamlined commerce, the importance of physical locations has diminished. In fact, some intrepid entrepreneurs have given up permanent addresses entirely in order to cut down costs and increase mobility.

The types of business best suited for going off the physical grid are tech companies, service providers, media firms and even accountants. For instance, Margis Murgatroyd and her husband have jetsetted around the globe for years while earning a six-figure income from their online marketing company. Although the pair gets the opportunity to visit many exotic locales, unfortunately their independent lifestyle requires them to work long hours. “You have to learn to develop self-motivation and consistent scheduling habits,” says Jimmy Hayes, an expat entrepreneur who operates a travel-gear line in Vietnam. “Otherwise it's too easy to get distracted by the fun outside your door.”

These business nomads utilize every tool at their disposal to stay connected with the world around them. One mobile entrepreneur, Meg McAllister, ensures she stays in touch by renting mailboxes and using a service to transcribe her voicemail into email as she travels throughout North America. “Indie consultants worry that they'll seem small-time to a client if they don't have all the trappings a larger company does,” McAllister says. “I prefer to present it as a plus to clients. The more overhead I have, the higher my fees need to be to cover them. At the end of the day, my clients don't care where I get the job done, just that I get the job done.” While some roving entrepreneurs crisscross international borders, others concentrate on a single country. As a matter of fact, a particularly plucky married couple travels the U.S. in their Winnebago as one works as a valuation consultant and the other operates a pet website.

**lecture enhancer 1-5**

**Preventing IdentiTy Theft**

Each year, millions of Americans fall prey to identity theft. Your identity is not just your unique DNA and fingerprints. It is also your Social Security number, credit card numbers, driver’s license number, telephone calling records, date of birth, home address, phone numbers, and passwords. An identity thief can use those bits of information to take over your credit rating, bank account, and credit card accounts. For example, personal information on nearly 150 million Americans were compromised by credit monitoring company, Equifax in 2017.

The Identity Theft Resource Center says there has been a sixfold increase in the number of credit breaches in the United States.

**How identity is stolen**

When Equifax announced that hackers had breached their security systems and stolen personal information from 143 million customers. Along with names and birthdates, the hackers also obtained social security and driver’s license numbers. These pieces of data are basically gold to identity thieves, allowing them to make purchases, borrow money and more all under the victim’s name. “This is about as bad as it gets,” said World Privacy Forum executive director Pamela Dixon. “If you have a credit report, chances are you may be in this breach. The chances are much better than 50 percent.”

The Equifax hack is even more severe than the 2016 cyberattacks on Yahoo that left more than 500 million accounts compromised. Rather than simply snatching usernames and passwords, these hackers stole information that can be used to access medical histories, bank accounts or employee records. The thieves also made off with 209,000 credit card numbers as well as documents used in financial disputes for 182,000 people. The hackers can either use this information to scam consumers themselves or sell the data to outside parties on the shadowy reaches of the Internet known as the Dark Web. “On a scale of 1 to 10 in terms of risk to consumers, this is a 10,” said fraud analyst Avivah Litan.

Con artists can also pose as legitimate debt collectors or insurance agencies, scamming businesses into sending them sensitive information. Thieves can also harvest your individual information in a number of creative ways. “Dumpster diving” involves sorting through trash bins for loan and credit card applications, credit card statements, or anything printed with Social Security numbers. Crooks can lurk at ATMs and “shoulder surf,” picking off PINs, credit card numbers, and passwords. Some talented thieves have even attached data storage devices to ATMs to steal credit and debit card numbers. “Phishing,” posing by e-mail or phone as a legitimate company and claiming that there is a problem with a customer’s account, regularly takes in gullible consumers. Then there is the low-tech technique of stealing credit cards, tax info, and financial correspondence by rifling through unprotected mailboxes. Finally, there is the good old-fashioned method of stealing wallets and purses.

**How you can protect yourself**

1. Make copies of the contents of your important documents. Do both sides of each license, credit card, and so on. That way you will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. Keep the copy in a safe place, not in your wallet.
2. Don’t use the last four digits of your Social Security number, your mom’s maiden name, birthdate, or pet’s name as your password or PIN.
3. Shred financial documents and paperwork with personal information before your discard them; in fact, shred every piece of trash containing your credit card number, bank account number, Social Security number, or tax information.
4. Review your bills each month for misuse; store canceled checks safely; shred preapproved credit offers before throwing them away.
5. The next time you order checks, have your checks printed with only your initials (instead of first name) and last name. If someone takes your checkbook, he or she will not know if you sign your checks with just your initials or your first name, but your bank will know how you sign your checks.
6. Sign the back of your credit cards. Or instead, write “PHOTO ID REQUIRED.”
7. If you write checks to pay your credit card accounts, do not put the complete account number on the “For” or “Memo” line. Instead, just put the last four numbers. The credit card company knows the rest of the number. That way no one who might be handling your check as it passes through the entire check-processing channel will have access to it.
8. Put your work phone number on your checks instead of your home phone. If you have a Post Office box, use that instead of your home address. If you do not have a P.O. Box, use your work address. Never have your Social Security number printed on your checks. You can add it later if it is absolutely necessary (and it usually is NOT). But if you have it printed, anyone can get it.
9. Never click on links sent in unsolicited e-mails; instead, type in the site address you know. Use firewalls, antispyware, and antivirus software to protect your home computer.
10. Most states are now moving away from using Social Security numbers on driver’s licenses. When you renew your license, ask about using a substitute number.

**Signs that your identity might have been stolen**

Be alert to signs that require immediate attention such as:

1. Bills that do not arrive as expected
2. Unexpected credit cards or account statements
3. Denials of credit for no apparent reason
4. Calls or letters about purchases you did not make

**What to do if your identity is stolen**

1. Immediately cancel your credit cards. Cancel them online through the company’s website or have the toll-free numbers and your card numbers on hand so you know whom to call. Keep those where you can find them. Follow up in writing with copies of supporting documents. Choose new passwords for new accounts.
2. File a police report immediately in the jurisdiction where your credit cards were stolen. This proves to credit providers that you were diligent, and this is the first step toward an investigation.
3. Call the three national credit reporting organizations immediately to place a fraud alert on your name and Social Security number. The alert means any company that checks your credit knows your information was stolen, and it has to contact you by phone to authorize new credit.
4. File a complaint with the Federal Trade Commission, and report the fraud to the Social Security Administration.

Below are the important contacts you will need to begin rebuilding your credit:

Equifax: [www.equifax.com](http://www.equifax.com)

Experian: [www.experian.com](http://www.experian.com)

Trans Union: [www.transunion.com](http://www.transunion.com)

Federal Trade Commission: www.identitytheft.gov

Social Security Administration: [www.ssa.gov/fraud](http://www.ssa.gov/fraud)

**lecture enhancer 1-6**

**EUROPEAN PROTESTERS TARGET AMAZON ON BLACK FRIDAY**

Analysts at Adobe estimate that consumers spent more than $29 billion online last week between Thanksgiving and Cyber Monday. Although brick-and-mortar sales rose slightly as well, e-commerce sales surged to record highs as consumers increasingly turned to online retailers for their holiday shopping needs. In fact, experts predict that companies like Amazon earned as much as $9.4 billion on Cyber Monday alone.

But while Amazon enjoyed another successful start to the festive season in the U.S., the e-commerce giant also faced a wave of protests across Europe on Black Friday. In Germany workers walked out of six distribution centers to join demonstrations that spoke out against the company’s employment practices. The strike lasted throughout the weekend as one union claimed that the hard work of its members could not be bought for “knock-down prices.” Meanwhile in France, climate change protestors blocked the entrances to several Amazon fulfillment centers. The e-commerce giant has faced increasing criticism for its dependance on rush shipping, a practice that is great for consumers but [potentially harmful for the environment](http://introbiz.tv/video-the-environmental-cost-of-rush-shipping/).

While Amazon said these protests and strikes did not affect its ability to do business, the company is facing mounting pressure from activists over its labor conditions both globally and domestically. According to two recent reports, some Amazon warehouses in the U.S. have injury rates that are more than triple the national average. What’s more, last week the Center for Investigative Reporting published a story alleging that Amazon worked with Indiana officials to misclassify the death of a warehouse worker. A whistleblower claims that his colleague died in a forklift accident due to inadequate safety training, which was subsequently backed up by an OSHA investigation. Then Indiana officials allegedly got involved and worked with Amazon to place the blame on the victim, all in an apparent effort to win the company’s favor as it looked for a destination to build its second HQ. Although Amazon denies any wrongdoing, this bombshell story certainly provides more evidence for the company’s growing number of critics.

lecture enhancer 1-7

**NON-TRADITIONAL STUDENTS BECOME THE NORM**

When people think about the average American college student, their minds often wander to images of fresh-faced teenagers hitting campus right out of high school on their parents’ dime. But in reality, only one-third of the nation’s more than 20 million students enrolled in two- and four-year universities fit that description.

Though it may not surprise seasoned professors, the idea of the “traditional” college student is becoming increasingly outdated. According to recent data collected by the National Center for Education Statistics, almost 40 percent of college students are older than 25. About one-third attend classes part-time. Although most students attend four-year public and private universities, approximately 30 percent are enrolled in community colleges. Enrollment of international students was at an all-time high in 2019, with 5.5 percent of the total U.S. higher education population.. As high schools have provided fewer students over the years, universities have ramped up overseas recruiting considerably.

Despite the increase in their numbers, however, non-traditional students are likely to face more challenges in their college tenure than typical teens and twenty-somethings. That’s because school services are often designed to cater to young people with lots of free time rather than working folks. Some colleges have revamped old systems or added resources to accommodate these new students. For instance, a big increase in veteran enrollment at George Washington University found the school unable to meet the needs of many of its ex-military undergrads. Once some of these disillusioned students began to drop out, GWU expanded its veterans’ affairs office and hired a former Navy vice admiral to look after the school’s more than 1,000 student veterans. Many students now receive a personalized education experience that takes their life experience into account.

critical thinking exercises

critical thinking exercise 1-1

**How Much Profit?**

The text defines profit as “the amount a business earns above and beyond what it spends for salaries and other expenses.” Choose a large corporation representing each of the following types of companies. Using the above profit definition, how much profit as a percentage of sales do you think each corporation earns? In other words, out of every dollar a company earns, how much does it keep?

1. **BANKING**

Corporation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Percent Estimated Profit \_\_\_\_\_\_\_\_\_\_\_\_

2. **FOOD MANUFACTURER**

Corporation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Percent Estimated Profit \_\_\_\_\_\_\_\_\_\_\_\_

3. **AIRLINE**

Corporation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Percent Estimated Profit \_\_\_\_\_\_\_\_\_\_\_\_

4. **TECHNOLOGY COMPANY**

Corporation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Percent Estimated Profit \_\_\_\_\_\_\_\_\_\_\_\_

5. **OIL AND PETROLEUM**

Corporation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Percent Estimated Profit \_\_\_\_\_\_\_\_\_\_\_\_

notes on critical thinking exercise 1-1

Students often have a much-exaggerated idea of the amount of profit big corporations make. This exercise should help set the record straight.

Each spring, *Fortune* magazine publishes a comprehensive listing of the largest U.S. corporations along with annual income, profit, employees, and so on. There are several financial references online, such as www.msn.com/money or www.finance.yahoo.com.You can also find the information on each corporation’s website. You can use these resources to find the most recent profit figures for comparison.

critical thinking exercise 1-2

**Job and Career versus Owning a Business**

To help make a decision about the advantages of pursuing a career and the advantages of owning your own business, use the list below to answer some basic questions. At the end, look at your two choices and see where you might have a reason to pursue your anticipated career or where you might find an interest and potential desire to be a small-business owner.

1. **CAREER SALARY OPPORTUNITIES** (circle one)

*Beginning Salary* (average/good/excellent)

*Upper Job Salary* (average/good/excellent)

2. **CAREER JOB OPPORTUNITIES** (circle one)

*Growing Field* (yes/no)

*Requires Trade School/Associate Degree/Bachelor’s Degree* (yes/no)

*Best-Sized Company for Career Job* (small/middle-sized/large)

3. **SMALL-BUSINESS OWNERSHIP OPPORTUNITIES** (circle one)

*Requires Up-Front Investment* (small investment/medium-sized investment/large investment)

*Potential Franchise Has a Good Business Model* (yes/no)

*Competition from Other Franchise Owners Will Be* (nonexistent/some competition/will be very competitive)

4. **POTENTIAL RETURN ON THE SMALL-BUSINESS PURCHASE** (circle one)

*Provides Purchase of Additional Locations* (yes/no)

*Has Name Recognition* (yes/no)

*Has a Good Support System* (yes/no)

5. If you could, would pursuing your ideal career be worth the investment? (yes/no)

6. Are you willing to make the investment (more schooling) and work for moderate pay to get the knowledge and experience to make this investment pay off? (yes/no)

7. If you could investment in your own business, would you and could you obtain the necessary finances to make this happen? (yes/no)

8. Is the risk of the unknown in the business environment worth the pursuit of your time, money, and family adjustment to own your own business? (yes/no)

9. Given the two choices, what direction would you rather pursue?

critical thinking exercise 1-3

**MAKING ETHICAL DECISIONS**

Throughout the textbook, you will see a box in chapters called Making Ethical Decisions. You will be given a short description of a situation and then asked what you would do in that situation. These boxes may or may not be assigned by your professor, but you will benefit greatly by reading them and answering the questions. If they are assigned, you probably won’t be required to hand in a written report. Your professor will probably have no real way of knowing if you read the boxes and answered the questions. You are likely to be “on your honor.”

This is your first ethical situation in this course: You come to a Making Ethical Decisions box in your text. What do you decide to do—read and answer the questions, or skip it and go on?

Use the questions below to help you make your decision.

1. What is the problem?

2. What are your alternatives?

3. What are the effects of each alternative? (What will happen if you choose that alternative?)

4. Which alternative will you choose? Why?

5. Is your choice ethical? (Would you want your family and professor to know of your decision? Would you want it printed in the school paper? Is it fair to all parties involved?)

notes on critical thinking exercise 1-3

It is easy to skip ethical boxes in a text because they don’t seem to have any direct relationship to your main goal in this class—to learn about business so you can get a good job and make good money. The problem is that businesspeople tend to have the same attitude. They don’t want to waste their time making ethical decisions—they want to make decisions that result in more profit for the firm. There comes a time, however, when society must recognize the need for making moral and ethical decisions and puts so much pressure on people that they conform. This can take the form of laws, but it is much easier to permit more freedom for people to choose to act morally and ethically on their own. You should encourage your students to choose what is right always, and what is right in this case is to consider the moral and ethical ramifications of their business decisions so that it becomes automatic. “Is it right?” should be heard in corporate offices as often as “Is it profitable?”

bonus cases

bonus case 1-1

networking outside the net

On the surface, people appear to network with one another now more than ever. Social media dominate many people’s lives while smartphones ensure that everybody can get in touch with everyone else anywhere at any time. Nevertheless, digital interaction is no replacement for genuine human contact. As social media become more prevalent and accessible, the information they disseminate runs the risk of losing its value. To put it another way, which carries more weight: a handshake or a Facebook poke?

For recent grads and experienced rat race veterans alike, nothing beats the old networking maxim “See and be seen.” Industry events and conferences provide invaluable face time and can be found listed in trade magazines and, ironically, on social networks. Though living one’s professional life solely online can be detrimental, Facebook and Twitter are useful for finding solid networking spots, especially informal gatherings. Green Drinks, for instance, regularly hosts casual get-togethers for green industry professionals to meet and exchange information.

Networking face-to-face also means maintaining a professional image. Not only does that entail dressing well and speaking clearly, it also includes promptly returning correspondence and clearing your Facebook page of any regrettable photos. Again, it’s important to remember that social media and “real life” are not separate things. Social networking practices like “tweetups” help bridge the gap by putting people in physical contact with those who have active online personas. Finally, keep in mind that networking goes both ways. If people come off too aggressive about their own ambitions, they may appear too wrapped up in their own endeavors to care much about their contacts. Young professionals are advised to be ready to give assistance first rather than asking for it on the first meeting. That way they can build a rapport of equality that could pay off in the long term.

discussion questions for bonus case 1-1

1. What can we conclude about digital interaction and human contact?

2. Why is it important to keep your Facebook account professional?

notes on discussion questions for bonus case 1-1

*1.* ***What can we conclude about digital interaction and human contact?***

It’s obvious that, used correctly, the two can go together like peanut butter and jelly. As the abstract notes, industry events and conferences provide valuable face time with peers and contacts. Social media can keep you informed about such opportunities and also facilitate valuable follow-up after key events.

*2.* ***Why is it important to keep your Facebook account professional?***

Your Facebook page provides an image of you in the same way your personal appearance does. Regrettable photos or postings can come back to hurt a person’s image and perhaps his or her career.

Connect instructor’s manual

**Helpful Suggestions Regarding Assignment Policies:** Connect gives instructors a wide array of flexibility in making assignments and creating grading policies. Instructors may choose to:

* assign as many assignments as he/she deems appropriate
* determine point values for each question/exercise individually
* make available multiple attempts per assignment with options of accepting the highest score or averaging all the attempts together
* deduct points for late submissions of assignments (percentage deduction per hour/day/week/etc.) or create hard deadlines
* show feedback on exercises/questions immediately or at the time of his/her preference
* create new assignments or questions from scratch, such as web-linked assignments, LearnSmart study modules, writing assignments, blog assignments, discussion board assignments, or upload questions from a pool

**Recommendations:** Here are some recommendations you might want to consider if you are using Connect for the first time.

* Assigning Application Exercises: consider assigning only 1 or 2 exercises per chapter.
* Assigning LearnSmart: You might also want to assign less than an entire chapter segment of LearnSmart in Connect. The system allows you to do this by dragging the toggle lever left or right to increase or decrease the time of the activity. You can also reduce the time based on which learning objectives you select and deselect for the chapter.
* The entire LearnSmart module is available to your student at all times; however, assigning 30 minutes or so will prompt students to try it. You are required to select a due date for LearnSmart. However, this will not prevent the student from LearnSmart access; it is designed to show you that the student has taken the LearnSmart assignment. LearnSmart is an adaptive study tool designed for students. It can also show you where students are struggling to understand specific concepts.
* The student’s LearnSmart score in the Connect reports is based on their mastery of the material at the time the assignment is due. Mastery is an evaluation of the number of learning objectives they completed via performance on answering questions.
* Students may, and are encouraged, to continue to use LearnSmart throughout the semester. After the assignment due date, they can continue to access LearnSmart. Continued use of LearnSmart will not affect their LearnSmart assignment results in the Connect reports, but has shown to improve test scores by as much as a full letter grade.

**Time-Saving Hints:**

* Instructors may want to give students unlimited or multiple attempts on the first few assignments so the students have a chance to learn and navigate the system before selecting the option for one attempt only.
* The value of each question should probably be relatively low, since multiple questions are usually assigned for each chapter. A good rule of thumb would be to make “Quiz Questions” worth 1 point each and “exercises” worth 5–10 points each since these require more time and thought.
* Feedback given to students is time flexible. Selecting feedback to be displayed after the assignment due date helps to limit students from giving the correct answers to other students while the exercise is still available.

**Connect: Chapter 1 – Table of Contents**

**Application Exercises:**

Entrepreneurship Writing Assignment

Forces Affecting Business Matching

Stakeholders – So Much is at Stake iSeeit! Video Case

Business Environment iSeeit! Video Case

Entrepreneurship and the Dynamic Business Environment Video Case

Taking Risks and Making Profits within the Dynamic Business Environment – Redbox Video Case

GrubHub and the Dynamic Business Environment Video Case

Poshmark: Building a Shopping Community of People Video Case

**Language Toolkit:**

Language Toolkit 01a Matching

Language Toolkit 01b Matching

**Chapter Learning Objectives:**

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

Learning Objective 01-02: Explain how entrepreneurship and the other factors of production contribute to the creation of wealth.

Learning Objective 01-03: Analyze the effects of the economic environment and taxes on businesses.

Learning Objective 01-04: Describe the effects of technology on businesses.

Learning Objective 01-05: Demonstrate how businesses can meet and beat competition.

Learning Objective 01-06: Analyze the social changes affecting businesses.

Learning Objective 01-07: Identify what businesses must do to meet global challenges, including war and terrorism.

Learning Objective 01-08: Review how past trends are being repeated in the present and what those trends mean for tomorrow.

**Entrepreneurship**

**Activity Summary:** This activity includes a case study about a young man in a small town in Minnesota who has an entrepreneurial ambition to open a grocery store. The small town had only one grocery store, and that store went out of business, so a need presented itself in the community. The case explores the motivations and actions of a typical entrepreneur, the series of events that this particular entrepreneur experienced, and then calls on the student to answer three open-ended questions about entrepreneurship. Topics such as risk taking, competition, environment of business, and entrepreneurship are discussed.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-02: Explain how entrepreneurship and the other factors of production contribute to the creation of wealth.

Learning Objective 01-03: Analyze the effects of the economic environment and taxes on businesses.

**Difficulty Level:** 2 Medium

**Blooms:** Understand

**AACSB:** Analytical Thinking; Communication; Knowledge Application

**Follow-Up Activity**: The instructor may ask the student(s) about businesses and entrepreneurs in their town/area that are similar to the one mentioned in this case study. An assignment could be made to compare and contrast this case study’s entrepreneur to the ones in the area in terms of product/service choice, chronological procession of events, etc. The instructor might also ask the students to analyze the risks associated with this young man’s choices.

**Forces Affecting Business**

**Activity Summary:** The five general areas of a business environment include economic/legal, technological, competitive, social, and global factors. Each business must operate within the pressures of these factors. This activity asks students to analyze a particular scenario in five different businesses and place that business in the corresponding environmental category. Topics include the factors in the general environment of a business.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-03: Analyze the effects of the economic environment and taxes on businesses.

**Difficulty:** 2 Medium

**Blooms:** Understand

**AACSB:** Analytical Thinking

**Follow-Up Activity**: Instructors could select a business and have students analyze and list specific environmental factors that the business faces while operating. A discussion could be started about how to minimize risks and capitalize on opportunities that exist based on the list the students create. This could be an introductory discussion to a SWOT analysis. Students could also be asked to categorize which factors could be broken down into internal/external forces and controllable/uncontrollable forces.

**Stakeholders – So Much is at Stake**

**Activity Summary**: This brief video describes the definition and roles of business stakeholders. The stakeholders represent a large number of people who stand to gain or lose by the activities of the business, and businesses should strive to create and maintain positive relationships with these groups.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

**Difficulty**: 1 Easy

**Blooms**: Remember; Understand

**AACSB**: Reflective Thinking

**Follow-Up Activity:** These short videos are designed to help students understand specific terms and concepts that are often key to understanding the overarching subject. Instructors could use these short videos as quick ways to launch into the subject matter at the beginning of a chapter or unit.

**Business Environment**

**Activity Summary**: This short video helps to describe the general environment of a typical business by highlighting the key components of the environment: the economic and legal environment, the technology environment, the social environment, the competitive environment, and the global business environment.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

Learning Objective 01-04: Describe the effects of technology on businesses.

Learning Objective 01-05: Demonstrate how businesses can meet and beat competition.

Learning Objective 01-07: Identify what businesses must do to meet global challenges, including war and terrorism.

**Difficulty**: 1 Easy

**Blooms**: Remember

**AACSB**: Technology

**Follow-Up Activity:** These short videos are designed to help students understand specific terms and concepts that are often key to understanding the overarching subject. Instructors could use these short videos as quick ways to launch into the subject matter at the beginning of a chapter or unit.

**Entrepreneurship and the Dynamic Business Environment**

**Activity Summary:** This video case features the company iContact, an email-marketing service provider, and its founders as they explain how they created the concept for the business. The two founders, Ryan Allis and Aaron Houghton, also explain the unexpected growth the firm experienced and how they handled this phenomenon. The video case poses multiple choice questions to the students every few minutes throughout the presentation. Topics covered include: entrepreneurship, product concept creation, profit, loss, revenues, expenses, stakeholders, and the environment of business.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

Learning Objective 01-02: Explain how entrepreneurship and the other factors of production contribute to the creation of wealth.

Learning Objective 01-05: Demonstrate how businesses can meet and beat competition.

Learning Objective 01-08: Review how past trends are being repeated in the present and what those trends mean for tomorrow.

**Difficulty:** 2Medium

**Blooms:** Remember

**AACSB:** Knowledge Application

**Follow-Up Activity:** The instructor could have students assess the factors of the general environment that iContact experienced as it grew. Students could then analyze these factors according to levels of priority/importance to this business. Instructors could also create an assignment that would ask students to list the risks that Ryan and Aaron faced when starting iContact. This video serves as a great tool to open discussion about business creation, entrepreneurship (chapter 5), and alternative marketing services (chapter 13).

**Taking Risks and Making Profits within the Dynamic Business Environment – Redbox**

**Activity Summary**: This video case features Redbox, a video and game rental company that uses kiosks instead of traditional storefronts. The goal of this for-profit organization is to satisfy customers by providing convenient video rentals at an affordable price, but when confronted with all the challenges of the business environment, finding success can be a difficult venture. The video explores the creation of the company and the challenges it faced when trying to acquire funding to expand. The video case poses multiple-choice questions to the students every few minutes throughout the presentation. Topics covered include entrepreneurship, product concept creation, profit, loss, revenues, expenses, stakeholders, and the environment of business.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

Learning Objective 01-02: Explain how entrepreneurship and the other factors of production contribute to the creation of wealth.

Learning Objective 01-04: Describe the effects of technology on businesses.

Learning Objective 01-05: Demonstrate how businesses can meet and beat competition.

Learning Objective 01-06: Analyze the social changes affecting businesses.

**Difficulty**: 2 Medium

**Blooms**: Remember

**AACSB**: Knowledge Application

**Follow-Up Activity:** The instructor could have students assess the factors of the general environment that Redbox experienced as it grew. Students could then analyze these factors according to levels of priority/importance to this business. Instructors could also create an assignment that would ask students to list the risks that the owners and investors faced when starting Redbox. This video serves as a great tool to open discussion about business creation, entrepreneurship (chapter 5), and alternative marketing services (chapter 13).

**GrubHub and the Dynamic Business Environment**

**Activity Summary**: This short video features Grubhub and discusses how it got started. The video discusses the 5 business environments and gives examples of how Grubhub deals with those business environments. The video pauses periodically to ask students questions throughout the activity.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-03: Analyze the effects of the economic environment and taxes on businesses.

Learning Objective 01-04: Describe the effects of technology on businesses.

Learning Objective 01-05: Demonstrate how businesses can meet and beat competition.

Learning Objective 01-06: Analyze the social changes affecting businesses.

**Difficulty**: 1 Easy

**Blooms**: Understand; Analyze; Remember

**AACSB**: Reflective Thinking

**Follow-Up Activity:** Instructors can have students research Grubhub and see how they are thriving today. They could also research competitors and see what other options competitors are offering to compete with Grubhub. What are new challenges for Grubhub in the 5 business environments domestically and globally?

**Poshmark: Building a Shopping Community of People**

**Activity Summary**: This short video features Poshmark and discusses how it got started. Poshmark was founded in 2010 off the premise of a great idea and hard work. Manish Chandra realized with the advances in technology and the move to environmental sustainability he could shift the fashion industry away from the traditional focus of selling products to providing a service centered on exchanging lightly used clothing. Changing demographics and values fit perfectly with Postmark’s business model. The video discusses how Poshmark deals with all the business environments through the fashion industry. The video is followed by multiple choice questions.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-04: Describe the effects of technology on businesses.

Learning Objective 01-05: Demonstrate how businesses can meet and beat competition.

Learning Objective 01-06: Analyze the social changes affecting businesses.

Learning Objective 01-07: Identify what businesses must do to meet global challenges, including war and terrorism.

**Difficulty**: 2 Medium

**Blooms**: Understand; Analyze; Remember; Evaluate

**AACSB**: Reflective Thinking; Analytical Thinking; Knowledge Application

**Follow-Up Activity:** Have the students research Poshmark and its competition. What is Poshmark doing differently today to differentiate itself? Ask the students if the downturn in the economy has helped Poshmark? How could Poshmark use it to its advantage?

**Language Toolkit 01a**

**Activity Summary:** This is a vocabulary matching assignment. Students are asked to correctly match a list of selected key terms from the chapter to their appropriate definitions.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

**Difficulty:** 1 Easy

**Blooms:** Understand

**AACSB:** Reflecting Thinking

**Follow-Up Activity:** Instructors could ask students to explain the definition of these terms in greater detail or explain how terms relate to a specific business.

**Language Toolkit 01b**

**Activity Summary:** This is a vocabulary matching assignment. Students are asked to correctly match a list of selected key terms from the chapter to their appropriate definitions.

**Concept Review** (Learning Objectives, Difficulty, Blooms, and AACSB)

Learning Objective 01-01: Describe the relationship between profit and risk, and show how businesses and nonprofit organizations can raise the standard of living for all.

**Difficulty:** 1 Easy

**Blooms:** Understand

**AACSB:** Reflecting Thinking

**Follow-Up Activity:** Instructors could ask students to explain the definition of these terms in greater detail or explain how terms relate to a specific business.