

Course name: BUSINESS PRINCIPLES Course Number: BUSI 1301

COURSE MASTER SYLLABUS

MANAGEMENT DEPARTMENT

CIP CODE AREA: 5201015125

COURSE LEVEL: Introductory (Freshman Level)

COURSE NUMBER: BUSI 1301

COURSE TITLE: Principles of Business

CREDIT HOURS: 3; LECTURE HOURS: 3; LAB HOURS: 0

PREREQUISITE: None

METHOD OF PRESENTATION: Three- hour lecture/discussion each week.

COURSE DISCRIPTION: A general survey of the entire field of business and management in the free enterprise system. Concepts of business and management functions, organizational considerations, and decision-making processes. Explores areas of specialization in the business world. Skills: R (SCANS, 1, 2, 3, 6, 7, 8)

REQUIRED TEXTBOOKS/ MATERIALS: See specific Instructor's First Day Class handout

Title: *Understanding Business* (Used for Classroom, PCM & ITV classes).

Author: Nickels, McHugh & McHugh

Publisher: Eighth Edition, McGraw-Hill Irwin

ISBN: 0-07-310609-7

SCANS The Secretary’s Commission on Achieving Necessary Skills identifies the skills people need to succeed in the workplace. The purpose of SCANS is to encourage a high-performance economy characterized by high-skill, high-wage employment. To help your students connect to what they learn in class to the world outside, it is important they understand five workplace competencies: 1.resource skills, 2.interpersonal skills, 3. information ability, 4. systems understanding and 5. technology ability. Throughout the 8th edition, several pedagogical devices are used to help students develop their skills.

Course name: PRINCIPLES OF MANAGEMENT Course number: BUSI 1301

RESOURCES	INTERPERSONAL	INFORMATION	SYSTEMS
1.1 Manages Time 1.2 Manages Money 1.3 Manages Material and Facility 1.4 Manages Human Resources	2.1 Participates as a Member of a Team 2.2 Exercises Leadership	3.1 Acquires and Evaluates Information 3.2 Uses Computers to Process Information	
TECHNOLOGY	BASIC SKILLS	THINKING SKILLS	PERSONAL QUALITIES
	6.1 Reading 6.2 Writing 6.3 Arithmetic 6.4 Listening 6.5 Speaking	7.1 Creative Thinking 7.2 Decision Making 7.3 Problem Solving 7.4 Mental Visualization	8.1 Responsibility 8.2 Integrity/Honesty

INSTRUCTIONAL METHODOLOGY: See specific instructor’s syllabus

COURSE RATIONALE:

COMMON COURSE LEARNING OBJECTIVES

Understanding Business

*** Part 1**

Business Trends: Cultivating a Business in Diverse, Global Environments

Chapter One

2 Managing within the Dynamic Business Environment: Taking Risks and Making Profits

Profile: Getting to know Michele Hoskins of Michele Foods 2

Business and Entrepreneurship: Revenues, Profits, and Losses 4

Matching Risk with Profit 4

Businesses Add to the Standard of Living and Quality of Life 5

Contents

Responding to the Various Business Stakeholders	5
<i>Spotlight on Small Business: Social Entrepreneurship</i>	7
Using Business Principles in Nonprofit Organizations	7
Entrepreneurship versus Working for Others	8
Opportunities for Entrepreneurs	8
The Importance of Entrepreneurs to the Creation of Wealth	9
Reaching Beyond Our Borders: Freedom Equals Prosperity	10
The Business Environment	10
The Economic and Legal Environment	11
The Technological Environment	12
<i>Making Ethical Decisions: Ethics begin with You</i>	13
<i>Dealing with Change: Amazon.com Must Change with the Times</i>	14
The Competitive Environment	15
The Social Environment	16
The Global Environment	18
The Evolution of American Business	20
Progress in the Agricultural and Manufacturing Industries	20
Progress in Service Industries	21
Your Future in Business	21
Video Case: No Clowning Around – Cirque du Soleil	27
Chapter Two	
28	How Economics Affects Business: The Creation and Distribution of Wealth
Profile: Getting to Know Hernando de Soto, Economist for the Poor 28	
How Economic Conditions Affect Businesses 30	
What is Economics?	31
Why Economics Was Known as the “Dismal Science”	31
Growth Economics and Adam Smith	32
How Businesses Benefit the Community	32
<i>Making Ethical Decisions: Helping Disaster Victims</i>	34
Understanding Free-Market Capitalism 34	
The Foundations of Capitalism	35
How Free Markets Work	36
How Prices Are Determined	37
The Economic Concept of Supply	37
The Economic Concept of Demand	37
<i>Dealing with Change: Adapting to Swings in Demand</i>	39
Competition within Free Markets	39
Benefits and Limitations of Free Markets	40
Understanding Communism 42	
<i>Spotlight on Small Business: China’s Entrepreneurs Create Wealth</i>	43
The Trend toward Mixed Economies 43	
<i>Reaching Beyond Our Borders: Finding New Markets Overseas</i>	44
Understanding the Economic System of the United States 46	
Key Economic Indicators	46
Productivity in the United States	48
Productivity in the Service Sector	49
The Business Cycle	49
Stabilizing the Economy through Fiscal Policy	50
Using Monetary Policy to keep the Economy Growing	50
Video Case: Katrina’s Aftermath	57

Chapter Three

58	Competing in global Markets	
Profile: Getting to Know Li Yifei, President of MTV Networks China		58
	<i>The Dynamic Global Market</i>	60
	<i>Dealing with Change: Asia's 800-Pound Gorilla</i>	61
Why Trade with Other Nations?	61	
	The Theories of Comparative and Absolute Advantage	61
Getting Involved in Global Trade	62	
	Importing Goods and Services	63
	Exporting Goods and Services	63
	Spotlight on Small Business: Going Global: It's "Bearly" Possible	64
	Measuring Global Trade	64
Strategies for Reaching Global Markets	66	
	Licensing	66
	Exporting	67
	Franchising	67
	Reaching Beyond Our Borders: The Winner and Still World's Champion	68
	Contract Manufacturing	69
	International Joint Ventures and Strategic Alliances	69
	Foreign Direct Investment	70
Forces Affecting Trading in Global Markets	71	
	Sociocultural Forces	71
	Economic and Financial Forces	72
	Legal and Regulatory Forces	74
Trade Protectionism	75	
	The World Trade Organization (WTO)	76
	Common Markets	77
	The North American and Central American Free Trade Agreements	78
The Future of Global Trade	79	
	The Challenge of Offshore Outsourcing	81
	<i>Making Ethical Decisions: You Can Call Me Ray or You Can Call Me Sanjay</i>	82
	Globalization and Your Future	82
Video Case: The Mouse that Doesn't Come with a Computer		87

Chapter Four

88	Demonstrating Ethical Behavior and Social Responsibility	
Profile: Getting to know Howard Schultz of Starbucks		88
Ethics is More Than Legality	90	
	Ethical Standards Are Fundamental	90
	Legal Briefcase: Accused Corporate Executives	
	Have Their Day in Court	91
	Ethics Begins with Each of Us	91
	Making Ethical Decisions: Not All Pirates Wield Swords – Some Sport MP3 Players	93
Managing Businesses Ethically and Responsibly	94	
	Setting Corporate Ethical Standards	96
	Legal Briefcase: SOX It to 'Em: Whistleblowers Move from Snitches to Corporate Heroes	98
Corporate Social Responsibility	99	
	Spotlight on Small Business: Myths about Small-Business Philanthropy	101
	Responsibility to Customers	101
	Responsibility to Investors	102
	Dealing with Change: Martha Stewart Living, Again	103
	Responsibility to Society and the Environment	105
	Social Auditing	106
International Ethics and Social Responsibility	108	
	Reaching Beyond Our Borders: Ethical Culture Clash	110
Video Case: If It Isn't Ethical, It Isn't Right		113

*** Part 2**

Business Ownership: Starting a Small Business

Chapter Five

116 Choosing a Form of Business Ownership

Profile: Getting to Know Donald and Susan Sutherland of Cold Stone Creamery 116

Basic forms of Business Ownership 118

Sole Proprietorships 119

Advantages of Sole Proprietorships 119

Disadvantages of Sole Proprietorships 119

Partnerships 121

Advantages of Partnerships 122

Disadvantages of Partnerships 122

Making Ethical Decisions: Outsourcing or Outsmarting? 123

Corporations 124

Spotlight on Small Business: Choose Your Partner 125

Advantages of Corporations 125

Disadvantages of Corporations 127

Individuals Can Incorporate 128

S Corporations 129

Limited Liability Companies 130

Corporate Expansion: Mergers and Acquisitions 132

Dealing with Change: The Urge to Merge Rises Again 134

Special Forms of Business Ownership 134

Franchises 134

Advantages of Franchises 135

Disadvantages of Franchises 136

Legal Briefcase: Scam Artists Don't Paint Pretty Pictures 137

Diversity in Franchising 138

Home-Based Franchises 139

E-Commerce in Franchising 140

Franchising in International Markets 140

Cooperatives 141

Which Form of Ownership Is for You? 142

Video Case: Sonic Is Booming 146

Chapter 6

148 Entrepreneurship and Starting a Small Business

Profile: Getting to Know Nina Vaca, Founder and CEO of Pinnacle Technical Resources Inc. 148

The Age of the Entrepreneur 150

The Job-Creating Power of Entrepreneurs in the United States 150

Why People Take the Entrepreneurial Challenge 151

What Does It Take to Be an Entrepreneur? 151

Entrepreneurial Terms 154

Micrepreneurs and Home-Based Businesses 154

Web-Based Businesses 156

Entrepreneurship within Firms 158

Encouraging Entrepreneurship-What Government Can Do 159

Getting Started in Small Business 159

Small versus Big Business 160

Spotlight on small Business: Inner-City Opportunities 161

Importance of Small Business 161

Small-Business Success and Failure 162

Learning about Small-Business Operations 163

Learn from Others 163

Get Some Experience 163

Making Ethical Decision: Going Down with the Ship 164

Take Over a Successful Firm	164
Managing a Small Business	165
Begin with Planning	165
Writing a Business Plan	166
Getting Money to Fund a Small Business	166
The Small Business Administration (SBA)	168
Knowing Your Customers	170
Managing Employees	170
Keeping Records	171
Looking for Help	171
Going International: Small-Business Prospects	173
<i>Reaching Beyond Our Borders: Steve & Barry's Tariff Engineering</i>	174
Video Case: Are you Still Going Around with that Old Bag?	178

*** Part 3**

Business Management: Empowering Employees to Satisfy Customers

Chapter Seven

180	Management, Leadership, and Employee Empowerment
Profile: Getting to Know Oprah Winfrey, Businesswoman and TV Personality	180
Managers' Roles Are Evolving	182
Functions of Management	182
<i>Reaching Beyond Our Borders: Mickey Mouse Brings the Magic to China</i>	183
Planning: Creating a Vision Based on Values	184
Dealing with Change: Hitting the Retail Bull's-Eye	186
Spotlight on Small business: On –the-Fly Decision Making after Hurricane Katrina	188
Decision Making: Finding the Best Alternative	189
Organizing: Creating a Unified System	190
Tasks and Skills at Different Levels of management	191
The Stakeholder-Oriented Organization	192
Staffing: Getting and Keeping the Right People	193
Leading: Providing Continuous vision and Values	193
Making Ethical Decisions: To Share or Not to Share	194
Leadership Styles	194
Empowering Workers	196
Managing Knowledge	196
Controlling: Making Sure It Works	197
A New Criterion for Measurement: Customer Satisfaction	198
Video Case: Bread Lines Are Back at Panera!	203

Chapter Eight

Adapting Organizations to Today's Markets	
Profile: Getting to Know Anne Mulcahy of Xerox	204
Everyone is Doing It	206
Building an Organization from the Bottom Up	206
Making Ethical Decisions: Safety versus Profit	207
The Changing Organization	207
The Development of Organization Design	208
Turning Principles into Organization Design	210
Issues Involved in Structuring Organizations	211
Centralization versus Decentralization of Authority	211
Choosing the Appropriate Span of Control	212
Tall versus Flat Organization Structures	213
Advantages and Disadvantages of Departmentalization	214
Organization Models	216
Line Organizations	217

Line-and-Staff Organizations	217
Matrix-Style Organizations	217
Cross-Functional Self-Managed Teams	219
Managing the Interactions among Firms	220
Benchmarking and Core Competencies	221
Adapting to Change	223
Restructuring for Empowerment	223
<i>Dealing with Change: Riding Hurd at HP</i>	224
Focusing on the Customer	225
Creating a Change-Oriented Organizational Culture	225
<i>Spotlight on Small business: All This and Ice Cream Too</i>	226
Video Case: One Smooth Stone	231

Chapter Nine

232	Producing World-Class Goods and Services
	Profile: Getting to Know Richard Dauch of American Axie & Manufacturing in Perspective
	234
	U.S. Manufacturing in Perspective
	234
	<i>Making Ethical Decisions: Stay of Leave?</i>
	235
	What Manufacturers Have Done to Become More Competitive
	235
	From Production to Operations Management
	236
	Operations Management in the Service Sector
	237
	Production Processes
	238
	The Need to Improve Production Techniques and Cut Costs
	239
	Computer-Aided Design and Manufacturing
	240
	Flexible Manufacturing
	240
	Lean Manufacturing
	241
	Mass Customization
	241
	Operations management Planning
	242
	Facility Location
	242
	<i>Dealing with Change: Responding to a Major Disaster</i>
	244
	<i>Major Disaster</i>
	244
	Facility Layout
	245
	Reaching Beyond Our Borders: Lockheed Martin Goes Global
	245
	Materials Requirement Planning
	246
	Purchasing
	247
	Just-in-Time Inventory Control
	247
	Quality Control
	248
	<i>Spotlight on Small Business: Meeting the Six Sigma Standard</i>
	249
	Control Procedures: PERT and Gantt Charts
	250
	Preparing for the Future
	252
	Video Case: Reality On Request-Digital Domain
	256

* Part 4

Management of Human Resources: Motivating Employees to Produce Quality Goods and Services

Chapter 10

258	Motivating Employees and Building Self-Managed Teams
	Profile: Getting to Know Elizabeth McLaughlin, CEO of Hot Topic
	258
	The Importance of Motivation
	260
	Frederick Taylor: The Father of Scientific Management
	260
	Legal Briefcase: UPS and Scientific Management
	261
	Elton Mayo and the Hawthorne Studies
	262
	Motivation and Maslow's Hierarchy of Needs
	263
	Applying Herzberg's Theories
	266
	Job Enrichment
	267

Spotlight on Small Business: Small businesses Can Motivate without Big Costs	269
McGregor's Theory X and Theory Y	269
Theory X	270
Theory Y	270
Ouchi's Theory Z	271
Goal-Setting Theory and Management by Objectives	273
Meeting Employee Expectations: Expectancy Theory	274
Reinforcing Theory	274
Treating Employees Fairly: Equity Theory	275
Building Teamwork through Open Communications	276
Applying Open Communication in Self-Managed Teams	277
<i>Making Ethical Decisions: Motivating Temporary Employees</i>	278
Motivation in the Future	278
Reaching Beyond Our Borders: Global Teamwork	279
Video Case: Motivation Is a Hot Topic	284

Chapter 11

286	Human Resource Management: Finding and Keeping the Best Employees	
	Profile: Getting to Know Wegmans Food Markets	286
	Working with People Is Just the Beginning	288
	Developing the Ultimate Resource	288
	The Human Resource Challenge	289
	<i>Dealing with Change: Replacing the Old Guard</i>	290
	Determining Your Human Resource Needs	290
	Recruiting Employees from a Diverse Population	292
	<i>Spotlight on Small Business: Attracting Qualified Employees</i>	293
	<i>Qualified Employees</i>	293
	Selecting Employees Who Will Be Productive	294
	Hiring Contingent Workers	295
	Training and Developing Employees for Optimum Performance	297
	Management Development	299
	Networking	299
	Diversity in Management Development	300
	Appraising Employee Performance to Get Optimum Results	300
	Compensating Employees: Attracting and Keeping the Best	302
	Pay Systems	302
	Compensating Teams	303
	Fringe Benefits	304
	<i>Reaching Beyond Our Borders: Working Worldwide</i>	306
	Scheduling Employees to Meet Organizational and Employee Needs	306
	Flextime Plans	306
	Home-Based and Other Mobile Work	307
	Job-Sharing Plans	308
	Moving Employees Up, Over, and Out	309
	Promoting and Reassigning Employees	309
	Terminating Employees	309
	Retiring Employees	310
	Losing Employees	310
	Laws Affecting Human Resource Management	311
	Legal Briefcase: Government Legislation	312
	Law Protecting the Disabled and Older Employees	313
	Effects of Legislation	313
	Video Case: Surf's up at Patagonia!	318

Chapter Twelve

320 Dealing with Employee-Management Issues and Relationships

Profile: Getting to Know James P. Hoffa, President of the International Brotherhood of Teamsters 320

Employee-Management Issues 322

Labor Unions from Different Perspectives 323

The Early History of Organized Labor 323

Labor Legislation and collective Bargaining 324

Objectives of Organized Labor 326

Dealing with Change: The Unions versus Wal-Mart 327

Resolving Labor-Management Disagreements 329

Reaching Beyond Our Borders: Are the Good Times Really Over for Good? 330

Mediation and Arbitration 330

Tactics Used in Labor-Management Conflicts 331

Union Tactics 331

Management Tactics 333

Relations 333

Making Ethical Decisions: Let Your Conscience Be Your Guide 334

Spotlight on Small Business: Nursing the Unions Back to Health 335

Controversial Employee-Management Issues 336

Executive Compensation 336

Legal Briefcase: Saying Goodbye the Gold-Line Way 337

Pay Equity 338

Sexual Harassment 339

Child Care 340

Elder Care 341

Drug Testing 342

Violence in the Workplace 342

Video Case: United We Stand 347

***Part 5**

Marketing: Developing and Implementing Customer-Oriented Marketing Plans

Chapter Thirteen

348 Marketing: Building Customer Relationships

Profile: Getting to Know Lance Fried, Entrepreneur 348

What Is Marketing? 350

The Evolution of the Field of Marketing 350

Nonprofit Organizations and Marketing 351

The Marketing Mix 352

Applying the Marketing Process 352

Dealing with Change: Four Ps Drive Marketing 353

Designing a Product to Meet Needs 354

Setting an Appropriate Price 355

Developing an Effective Promotional Strategy 355

Providing Marketers with Information 356

The Marketing Research Process 35

The Marketing Environment 358

Making Ethical Decisions: No Kidding 359

Reaching Beyond Our Borders: Responding to the Needs of People in Other Countries 360

Two Different Markets: Consumer and Business-to-Business (B2B) 361

The Consumer Market 362

Segmenting the Consumer Market 363

Reaching Smaller market Segments 364

Moving toward Relationship Marketing 364

Spotlight on Small Business: Marketing Helps Small Firms Compete 365

The Consumer Decision-Making Process 366

The Business-to-Business Market 367
Your Prospects in Marketing 369
Video Case: MTV Goes Everywhere 372

Chapter Fourteen

374 Developing and Pricing Products and Services

Profile: Development and the Total Product Offer 376

Dealing with Change: Making Bread 377

Spotlight on Small Business: When You Don't Have Time to Cook at Home 378

Developing a Total Product Offer 378

Dealing with Change: Using the Web to Differentiate a Product Mix 379

Product Lines and the Product Mix 379

Product Differentiation 380

Marketing Different Classes of Consumer Goods and Services 380

Reaching Beyond Our Borders: Designing Products for the Poor 381

Marketing industrial Goods and Services 382

Packaging Changes the Product 383

The Growing Importance of Packaging 384

Branding and Brand Equity 385

Brand Categories 385

Generating Brand Equity and Loyalty 386

Making Ethical Decisions: Are We Too Star Struck? 387

Creating Brand Associations 387

Brand Management 387

The New-Product Development Process 388

Generating New-Product Ideas 388

Product Screening 388

Product Analysis 388

Product Development and Testing 389

Commercialization 389

The Product Life Cycle 389

Example of the Product Life Cycle 390

The Importance of the Product Life Cycle 390

Competitive Pricing 392

Pricing Objectives 392

Cost-Based Pricing 393

Competition-Based Pricing 393

Break-Even Analysis 393

Other Pricing Strategies 394

How Market Forces Affect Pricing 395

Nonprice Competition 395

Video Case: SolutionPeople Have the Idea 400

Chapter Fifteen

402 Distributing Product Quickly and Efficiently

Profile: Getting to Know A. Jayson Addair of Copart Inc. 402

The Emergence of Marketing Intermediaries 404

Why Marketing Needs Intermediaries 404

How Intermediaries Create Exchange Efficiency 405

The Value versus the Cost of Intermediaries 406

The Utilities Created by Intermediaries 407

Form Utility 407

Time Utility 408

Place Utility 408

Possession Utility 408

Information Utility 408

Making Ethical Decisions: Look One Place, Buy Another 409

Service Utility 409

Wholesale Intermediaries 410

Merchant Wholesalers 410

Agents and Brokers 410

Retail Intermediaries 411

Retail Distribution Strategy 412

Nonstore Retailing 412

Electronic Retailing 413

Reaching Beyond Our Borders: What You Want, When You Want It 414

Telemarketing 414

Vending Machines, Kiosks, and Carts 414

Direct Selling 415

Multilevel Marketing 415

Direct Marketing 415

Building Cooperation in Channel Systems 416

Corporate Distribution Systems 416

Contractual Distribution Systems 416

Administered Distribution Systems 417

Supply Chains 417

The Emergence of Logistics 418

Getting Goods from Producers to Consumers Efficiently 419

Dealing with Change: Responding to National Emergencies 420

Choosing the Right Distribution Mode 420

The Storage Function 422

Tracking Goods 423

What All This Means to You 423

Video Case: Feeding the Poor of Chicago 428

Chapter Sixteen

430 Using Effective Promotional Techniques

Profile: Getting to Know Dietrich Mateschitz of Red Bull 430

Promotion and the Promotion Mix 432

Advertising: Fighting to keep Consumer Interest 433

The Growing Use of Infomercials 435

Dealing with Change: You Can't TiVo Your Way Away from Product Placement 436

Advertisers Are Moving to the Internet 436

Global Advertising 437

Reaching Beyond Our Borders: Let's Stop at Starbucks for Some Coffee 438

Personal Selling: Providing Personal Attention 438

Steps in the Selling Process 439

The Business-to-Consumer (B2C) Sales Process 441

Public Relations: Building Relationships 442

Publicity: The Talking Arm of PR 443

Sales Promotion: Getting a Good Deal 443

Sampling 445

Word of Mouth 445

Making Ethical Decisions: A Tobacco Industry Smoke Screen? 446

How New Technologies Are Affecting Promotion 447

Spotlight on Small Business: Help, I'm Getting Married 448

Managing the Promotion Mix: Putting It All Together 448

Promotional Strategies 448

Video Case: Promotion Gets a Big Push 453

*** Part 6**

Managing Financial Resources

Chapter Seventeen

454 Understanding Financial Information and Accounting

Profile: Getting to Know Roxanne Coady of R.J. Julia Booksellers 454

The Importance of Accounting Information 456

What is Accounting? 456

Areas of Accounting 457

Managerial Accounting 457

Financial Accounting 457

Dealing with Change: Accountants Reading Between the Lines 459

Auditing 459

Tax Accounting 460

Government and Not-for-Profit Accounting 460

The Accounting Cycle 461

Using Computers in Accounting 462

Understanding key Financial Statements 463

The Fundamental Accounting Equation 463

The Balance Sheet 464

Classifying Assets 464

Liabilities and Owners' Equity Accounts 466

Spotlight on Small Business: You Incorporated 467

The Income Statement 467

Legal Briefcase: The Last Shall Be First 469

Revenue 469

Cost of Goods Sold (Cost of Goods Manufactured) 469

Operating Expenses 470

Net Profit or Loss 470

The Statement of Cash Flows 471

The Importance of Cash Flow Analysis 472

Making Ethical Decisions: On the Accounting Hot Seat 473

Analyzing Financial Statements: Ratio Analysis 473

Liquidity Ratios 473

Leverage (Debt) Ratios 474

Profitability (Performance Ratios) 474

Activity Ratios 475

Video Case: When the Goal Line Meets the Bottom Line 481

Chapter Eighteen

482 Financial Management

Profile: Getting to Know Jonathan Mariner, CFO of Major League Baseball 482

The Role of Finance and Financial Managers 484

Dealing with Change: Bringing Financial Goodwill to Goodwill Industries 485

The Importance of Understanding Finance 486

What Is Financial Management? 486

Financial Planning 487

Forecasting Financial Needs 488

Working with the Budgeting Process 488

Establishing financial Controls 489

Spotlight on Small Business: You Incorporated Monthly Budget 490

Making Ethical Decisions: Playing It Safe or Stupid 491

The Need for Operating Funds 491

Managing Day-by-Day Needs of the Business 491

Controlling Credit Operations 492

Acquiring Needed Inventory 492

Making Capital Expenditures 493

Alternative Sources of Funds 493

Obtaining Short-Term Financing 494

Trade Credit 494

Family and Friends 495

Commercial Banks 495

Different Forms of Short-Term Loans 496

Factoring Accounts Receivable 497

Reaching Beyond Our Borders: Guaranteeing That the Deal Gets Done 498

Commercial Paper 498

Credit Cards 499

Obtaining Long-Term Financing 500

Debt Financing 500

Equity Financing 502

Making Decisions on Using Financial Leverage 504

Video Case: It's My Money 509

Chapter Nineteen

510 Securities Markets: Financing and Investing Opportunities

Profile: Getting to Know Jim Cramer, the Mad Man of Wall Street 510

The Function of Securities Markets 512

The Role of Investment Bankers 513

Debt Financing by Selling Bonds 513

Learning the Language of Bonds 513

Advantages and Disadvantages of Issuing Bonds 514

Different Classes of Bonds 515

Special Bond Features 515

Equity financing by Selling Stock 516

Learning the Language of Stock 516

Advantages and Disadvantages of Issuing Stock 517

Issuing Shares of Preferred Stock 517

Special Features of Preferred Stock 518

Issuing Shares of Common Stock 518

Dealing with Change: A Change at the Exchange 519

Stock Exchanges 519

U.S. Exchanges 519

Securities Regulations and the Securities and Exchange Commission 520

Global Stock Exchanges 521

Legal Briefcase: Ins and Outs of Insider Trading 522

How to Invest in Securities 522

Making Ethical Decisions: What Will It Be: Your Bark or Your Bite? 523

Investing Online 523

Reaching Beyond Our Borders: It Really Is a Small World 524

Choosing the Right Investments Strategy 524

Investing in Bonds 525

Investing in Stocks 526

Stock Splits 527

Investing in Mutual Funds and Exchange-Traded Funds 527

Dealing with Change: Diamonds and Spiders and Vipers, On My! 529

Diversifying Investments 530

Investing in High-Risk Investments 530

Investing in High-Risk (Junk) Bonds 530

Buying Stock on Margin 530

Investing in Commodities 531

Understanding Information from Securities Markets 532

Understanding Bond Quotations 532

Understanding Stock Quotations 532

Understanding Mutual Fund Quotations 534

Stock Market Indicators 535
The Market's Roller-Coaster Ride 536
Investing Challenges in the 21st-Century Market 537

Video Case: A Fool and His Money: Motley Fool 542

Chapter Twenty

544 Understanding Money, Financial Institutions, and the Federal Reserve

Profile: Getting to Know Ben S. Bernanke of the Federal Reserve 544

Why Money Is Important 546

What Is Money? 546

What Is The Money Supply? 547

Why Does the Money Supply Need to Be Controlled? 548

The Global Exchange of Money 548

Control of the Money Supply 548

Basics about the Federal Reserve 549

The Reserve Requirement 550

Open-Market Operations 550

The Discount Rate 551

The Federal Reserve's Check-Clearing Role 551

The History of Banking and the Need for the Fed 551

The Federal Deposit Insurance Corporation (FDIC) 559

The Savings Association Insurance Fund (SAIF) 559

The National Credit Union Administration (NCUA) 559

Legal Briefcase: What Are Your Rights? 560

The Future of Banking 560

Electronic Banking on the Internet 560

Using Technology to Make Banking More Efficient 561

International Banking and Banking Services 563

Leaders in International Banking 563

The World Bank and the International Monetary Fund (IMF) 564

Reaching Beyond Our Borders: What Can Be Done to Help the World's Poor? 565

Video Case: Would You Like Banking with that Insurance? 570

Bonus Chapter A

572 Working within the Legal Environment of Business

Profile: Getting to Know David Boies, Corporate Attorney 572

The Need for Laws 574

Statutory and Common Law 574

Administrative Agencies 575

Tort Law 576

Product Liability 576

Law Protecting Ideas Patents, Copyrights, and Trademarks 577

Sales Law: The Uniform Commercial Code 579

Warranties 579

Negotiable Instruments 580

Contract Law 580

Breach of Contract 581

Laws to Promote Fair and Competitive Practices 582

The History of Antitrust Legislation 582

Laws to Protect Consumers 584

Tax Laws 584

Bankruptcy Laws 585

Deregulation 588

Bonus Chapter B

594 Using Technology to Manage Information

Profile: Getting to Know Eva Chen, Co-founder and CEO of Trend Micro 594

The Role of Information Technology 596

How Information Technology Changes Business 596

Moving from Information toward Knowledge and Business Intelligence 597

Types of Information 599

Managing Information 600

Storing and Mining Data 601

The Road to Knowledge: The Internet, Intranets, Extranets, and Virtual Private Networks 601

The Front Door: Enterprise Portals 603

Broadband Technology 603

The Enabling Technology: Hardware 604

Cutting the Cord: Wireless Information Appliances 605

Computer Networks 605

Software 606

Effects of Information Technology on Management 608

Human Resource Issues 608

Security Issues 609

Privacy Issues 611

Stability Issues 612

Technology and You 613

Bonus Chapter C

618 Managing Back

Profile: Getting to Know A. G. Gaston, Insurance Entrepreneur and Risk Taker 618

Understanding Business Risks 620

How Rapid Change Affects Risk Management 621

Managing Risk 621

Reducing Risk 621

Avoiding Risk 622

Self-Insuring 622

Buying Insurance to Cover Risk 623

Understanding Insurance Policies 624

Rule of Indemnity 624

Types of Insurance Companies 625

Insurance Coverage for Various Kinds of Risk 625

Health Insurance 625

Disability Insurance 626

Workers' Compensation 626

Liability Insurance 626

Other Business Insurance 627

Life's Insurance for Businesses 627

Insurance Coverage for Home-Based 627

The Risk of Damaging the Environment 627

Bonus Chapter D

632 Managing Personal Finances

Profile: Getting to Know Millionaires You Can Follow to Financial Success 632

The Need for Personal Financial Planning 634

Financial Planning Begins with Making Money 634

Six Steps in Learning to Control Your Assets 634

Building Your Financial Base: Buying Insurance 641

Health Insurance 643

Homeowner's or Renter's Insurance 643

Other Insurance 644

Planning Your Retirement 644

Social Security 644
Individual Retirement Accounts (IRAs) 644
401(k) Plans 646
Keogh Plans 647
Financial Plans 647
Financial Planners 647
Estate Planning 648

Endnotes EN-1

Glossary G-1

Credits PC-1

Name Index 1-1

Organization Index 1-8

Subject Index 1-13

COMMON COURSE LEARNING OUTCOMES: The student will describe the scope of business enterprise in the nation and the world today; identify major business functions of accounting, management, marketing, and economics; describe the relationships of social responsibility, ethics, and law in business; and define and apply business terminology.

GRADING SYSTEM: Your instructor will provide specific information about how you will be graded in this course.

COURSE POLICIES: Departmental policies for Incompletes, Attendance, and Withdrawal are as follows:

Incomplete Policy: An incomplete (I) will be granted to a student in rare circumstances. Generally, to receive a grade of I, a student must have completed all examinations and assignments to date, be passing, and have personal circumstances that prevent course completion that occur after the deadline to withdraw with a grade of W.

Attendance Policy: All students are expected to attend classes. Non-attendance will have an impact on the student's grade.

Withdrawal Policy: It is the student's responsibility to withdraw from a course. Instructors are allowed to withdraw students but students must not rely on their instructor to withdraw them if they wish to withdraw.

Austin Community College policies for Academic Freedom, Scholastic Dishonesty, Student Discipline, and Students with Disabilities are as follows:

Academic Freedom Statement: Each student is strongly encouraged to participate in class. In any classroom situation that includes discussion and critical thinking, there are bound to be many differing viewpoints. These differences enhance the learning experience and create an atmosphere where students and instructors alike will be encouraged to think and learn. On sensitive and volatile topics, students may sometimes disagree not only with each other but also with the instructor. It is expected that faculty and students will respect the views of others when expressed in classroom discussions.

Scholastic Dishonesty Statement: Acts prohibited by the College for which discipline may be administered include scholastic dishonesty, including but not limited to cheating on an exam or quiz, plagiarizing, and unauthorized collaboration with another in preparing outside work. Academic work submitted by students shall be the result of their thought, research or self expression. Academic work is defined as, but not limited to tests, quizzes, whether taken electronically or on paper; projects, either individual or group; classroom presentations, and homework” (Student Handbook, 2002-2003, p. 32). Penalties for scholastic dishonesty will depend upon the nature of the violation and may range from lowering a grade on one assignment to an F in the course and/or expulsion from this institution.

Student Discipline Statement: Classroom behavior should support and enhance learning. Behavior that disrupts the learning process will be dealt with appropriately, which may include having the student leave class for the rest of that day. In serious cases, disruptive behavior may lead to a student being withdrawn from the class. ACC's policy on student discipline can be found in the Student Handbook, 2002-2003, p. 32.

Students with Disabilities Statement: Each ACC campus offers support services for students with documented physical or psychological disabilities. Students with disabilities must request reasonable accommodations through the Office for Students with Disabilities on the campus where they expect to take the majority of their classes. Students are encouraged to do this three weeks before the start of the semester” (Student Handbook, 2002-2003, p. 14).