

Brief Contents

1	The Environment of Business	1
	1. Exploring the World of Business and Economics	2
	2. Being Ethical and Socially Responsible	37
	3. Exploring Global Business	71
2	Business Ownership and Entrepreneurship	105
	4. Choosing a Form of Business Ownership	106
	5. Small Business, Entrepreneurship, and Franchises	135
3	Management and Organization	165
	6. Understanding the Management Process	166
	7. Creating a Flexible Organization	191
	8. Producing Quality Goods and Services	215
4	Human Resources	247
	9. Attracting and Retaining the Best Employees	248
	10. Motivating and Satisfying Employees and Teams	277
	11. Enhancing Union–Management Relations	307
5	Marketing	333
	12. Building Customer Relationships Through Effective Marketing	334
	13. Creating and Pricing Products that Satisfy Customers	361
	14. Wholesaling, Retailing, and Physical Distribution	399
	15. Developing Integrated Marketing Communications	429
6	Information for Business Strategy and Decision Making	461
	16. Understanding Information and e-Business	462
	17. Using Accounting Information	497
7	Finance and Investment	531
	18. Understanding Money, Banking, and Credit	532
	19. Mastering Financial Management	567
	20. Understanding Personal Finances and Investments	597
	Glossary	635
	Notes	649
	Name Index	657
	Subject Index	662

Contents

1

The Environment of Business

> Chapter 1: Exploring the World of Business and Economics 2

Inside Business: How Amazon Kindles Business Success 3

Your Future in the Changing World of Business 4

Why Study Business?, 5

Career Success: Clicking Your Career into High Gear 6

Special Note to Students, 8

Business: A Definition 10

*The Organized Effort of Individuals, 10 • Satisfying Needs, 10
• Business Profit, 11*

Types of Economic Systems 12

Capitalism, 13

Entrepreneurial Success 13

Capitalism in the United States, 14 • Command Economies, 16

Measuring Economic Performance 17

*The Importance of Productivity in the Global Marketplace, 17
• Important Economic Indicators that Measure a Nation's
Economy, 18 • The Business Cycle, 20*

Spotlight: How Many People Are Really Unemployed? 21

Types of Competition 21

*Perfect Competition, 22 • Monopolistic Competition, 23
• Oligopoly, 23 • Monopoly, 24*

American Business Today 24

*Early Business Development, 24 • Business Development in the
1900s, 26 • A New Century: 2000 and Beyond, 27 • The Current
Business Environment, 27*

Sustaining the Planet: How the Sun and Earth Help Frito-Lay 28

The Challenges Ahead, 29

Return to Inside Business: Amazon 30

Summary 30

Key Terms 32

Review Questions 32

Discussion Questions 32

Video Case 1.1: Entertainment Means Profits for
Nederlander Concerts 33

Case 1.2: Caterpillar Helps the World Build 33

Building Skills for Career Success 34

1 >

Chapter 2: Being Ethical and Socially Responsible 37

Inside Business: Divine Chocolate's Recipe
for Sales and Social Responsibility 38

Business Ethics Defined 39

Ethical Issues 39

*Fairness and Honesty, 40 • Organizational Relationships, 40
• Conflict of Interest, 41 • Communications, 41*

Factors Affecting Ethical Behavior 41

**Ethical Challenges & Successful Solutions: Green or
Greenwashing? 42**

*Individual Factors Affecting Ethics, 42 • Social Factors
Affecting Ethics, 42 • "Opportunity" as a Factor
Affecting Ethics, 43*

Encouraging Ethical Behavior 43

*Government's Role in Encouraging Ethics, 43 • Trade
Associations' Role in Encouraging Ethics, 43 • Individual
Companies' Role in Encouraging Ethics, 44*

Social Responsibility 47

The Evolution of Social Responsibility in Business 50

Historical Evolution of Business Social Responsibility, 50

Two Views of Social Responsibility 52

*The Economic Model, 52 • The Socioeconomic Model, 52
• The Pros and Cons of Social Responsibility, 53*

Sustaining the Planet: Sustainability 53

Consumerism 54

*The Six Basic Rights of Consumers, 54 • Major Consumerism
Forces, 55*

Employment Practices 56

*Affirmative Action Programs, 58 • Training Programs for the
Hard-Core Unemployed, 59*

Concern for the Environment 60

Effects of Environmental Legislation, 60

Spotlight: Recession and Responsibility 61

Who Should Pay for a Clean Environment?, 63

Entrepreneurial Success: Recycling Entrepreneurs 64

Implementing a Program of Social Responsibility 64

*Developing a Program of Social Responsibility, 64 • Funding
the Program, 65*

Return to Inside Business: Divine Chocolate 66

Summary 66
Key Terms 67
Review Questions 67
Discussion Questions 68
Video Case 2.1: Scholfield Honda—Going Green with Honda 68
Case 2.2: Belu Water Aims to Change the World 69
Building Skills for Career Success 69

> Chapter 3: Exploring Global Business 71

Inside Business: Samsung Electronics Shines in the Global Spotlight 72

The Basis for International Business 73

Absolute and Comparative Advantage, 73 • Exporting and Importing, 74

Spotlight: The Growing Deficit 74

Restrictions to International Business 76

Types of Trade Restrictions, 76 • Reasons for Trade Restrictions, 78 • Reasons Against Trade Restrictions, 79

The Extent of International Business 79

The World Economic Outlook for Trade, 79

International Trade Agreements 82

The General Agreement on Tariffs and Trade and the World Trade Organization, 82 • World Trade and Global Economic Crisis, 84 • International Economic Organizations Working to Foster Trade, 84

Methods of Entering International Business 87

Licensing, 87 • Exporting, 87

Going for Success: LEGO Builds on Licensing for Global Growth 88

Joint Ventures, 89 • Totally Owned Facilities, 90 • Strategic Alliances, 90 • Trading Companies, 90 • Countertrade, 91 • Multinational Firms, 91

Career Success: Volunteer Abroad to Prepare to Work Abroad 91

Sources of Export Assistance 93

Financing International Business 93

The Export-Import Bank of the United States, 94 • Multilateral Development Banks, 94

Sustaining the Planet: Selling Eco-Friendly Goods, Services, and Technologies 94

The International Monetary Fund, 95

Return to Inside Business: Samsung 95

Summary 96

Key Terms 97

Review Questions 97

Discussion Questions 97

Video Case 3.1: Evo: Creatively Exceeding Customer Expectations Here and Abroad 98

Case 3.2: Global Profits Are a Menu Mainstay at McDonald's 98

Building Skills for Career Success 99

Running a Business: Part 1: Let's Go Get a Graeter's! 100

Building a Business Plan: Part 1 102

Contents

2

Business Ownership and Entrepreneurship

105

> Chapter 4: Choosing a Form of Business Ownership 106

Inside Business: How Mint.com Makes Money from Money Management 107

Sole Proprietorships 108

Advantages of Sole Proprietorships, 108 • Disadvantages of Sole Proprietorships, 110 • Beyond the Sole Proprietorship, 111

Entrepreneurial Success: Student Business Incubators 111
Partnerships 111

Types of Partners, 112 • The Partnership Agreement, 113 • Advantages of Partnerships, 114 • Disadvantages of Partnerships, 114

Spotlight: Where the jobs are! 115

Beyond the Partnership, 116

Corporations 116

Corporate Ownership, 116 • Forming a Corporation, 117 • Corporate Structure, 119 • Advantages of Corporations, 120 • Disadvantages of Corporations, 120

Special Types of Business Ownership 122

S-Corporations, 122 • Limited-Liability Companies, 122 • Not-for-Profit Corporations, 123

Career Success: Choosing a Career in Not-for-Profit Corporations 124

Cooperatives, Joint Ventures, and Syndicates 124

Cooperatives, 124 • Joint Ventures, 125 • Syndicates, 125

Sustaining the Planet: Get Your Daily Dose of Sustainability News 125

Corporate Growth 125

Growth from Within, 126 • Growth Through Mergers and Acquisitions, 126 • Merger and Acquisition Trends During an Economic Crisis, 127

Return to Inside Business: MINT.COM 128

Summary 129

Key Terms 130

Review Questions 130

Discussion Questions 131

Video Case 4.1: Annie's Homegrown: A Corporation with Entrepreneurial Spirit 131

Case 4.2: The Conglomerate Success of Berkshire Hathaway 132

Building Skills for Career Success 133

> Chapter 5: Small Business, Entrepreneurship, and Franchises 135

Inside Business: Franchising Feeds Growth of Five Guys Burgers and Fries 136

Small Business: A Profile 137

The Small-Business Sector, 137 • Industries that Attract Small Businesses, 138

The People in Small Businesses: the Entrepreneurs 139

Characteristics of Entrepreneurs, 139 • Other Personal Factors, 140 • Motivation, 140 • Women as Small-Business Owners, 140

- *Teenagers as Small-Business Owners, 141* • *Why Some Entrepreneurs and Small Businesses Fail, 141*

The Importance of Small Businesses in Our Economy 142

- Providing Technical Innovation, 143* • *Providing Employment, 143*
- *Providing Competition, 144* • *Filling Needs of Society and Other Businesses, 144*

The Pros and Cons of Smallness 144

- Advantages of Small Business, 144*

Sustaining the Planet: Tips from the Environmental Protection Agency 145

- Disadvantages of Small Business, 145* • *Developing a Business Plan, 146*

Entrepreneurial Success: Prep Your Elevator Pitch 147

- Components of a Business Plan, 147*

The Small Business Administration 148

- SBA Management Assistance, 149*

Going for Success: Building a Business with SCORE's Help 150

- Help for Minority-Owned Small Businesses, 150* • *SBA Financial Assistance, 151* • *State of Small Business During the Recession, 152*

Franchising 153

- What Is Franchising?, 153* • *Types of Franchising, 153*

The Growth of Franchising 154

- Are Franchises Successful?, 155* • *Advantages of Franchising, 156*
- *Disadvantages of Franchising, 156* • *Global Perspectives in Small Business, 157*

Spotlight: SUBWAY's Foreign Franchising Around the World 158

Return to Inside Business: Five Guys Burgers and Fries 159

Summary 159

Key Terms 160

Review Questions 160

Discussion Questions 160

Video Case 5.1: Murray's Cheese: More Cheese Please 161

Case 5.2: Tumbleweed Tiny House Company 161

Building Skills for Career Success 162

Running a Business: Part 2: Graeter's: A Fourth-Generation Family Business 163

Building a Business Plan: Part 2 164

3

Management and Organization 165

> Chapter 6: Understanding the Management Process 166

Inside Business: Procter & Gamble Succeeds Through Excellent Management 167

What Is Management? 168

Basic Management Functions 169

- Planning, 169*

Going for Success: Be Prepared with a Contingency Plan 173

- Organizing the Enterprise, 173* • *Leading and Motivating, 173* • *Controlling Ongoing Activities, 174*

Kinds of Managers 175

- Levels of Management, 175* • *Areas of Management Specialization, 176*

Sustaining the Planet: Walmart Leads in Managing Sustainability 176

Key Skills of Successful Managers 177

- Conceptual Skills, 177* • *Analytic Skills, 177* • *Interpersonal Skills, 178* • *Technical Skills, 178* • *Communication Skills, 179*

Leadership 179

- Formal and Informal Leadership, 179* • *Styles of Leadership, 179*
- *Which Leadership Style Is the Best?, 180*

Spotlight: What Are the Top-Ranked Traits of Successful Female Leaders? 180

Managerial Decision Making 181

- Identifying the Problem or Opportunity, 181* • *Generating Alternatives, 182* • *Selecting an Alternative, 182*
- *Implementing and Evaluating the Solution, 182*

Ethical Challenges & Successful Solutions: Through Social Media, Do Workers Create Problems for Their Employers? 183

Managing Total Quality 183

Return to Inside Business: Procter & Gamble 185

Summary 185

Key Terms 186

Review Questions 186

Discussion Questions 187

Video Case 6.1: L.L. Bean Relies on Its Core Values and Effective Leadership 187

Case 6.2: DocuSign Changes Its Decision-Making to Cope with Crisis 188

Building Skills for Career Success 189

> Chapter 7: Creating a Flexible Organization 191

Inside Business: Unilever Restructures Using Mobile Technology 192

What Is an Organization? 193

- Developing Organization Charts, 193* • *Major Considerations for Organizing a Business, 193*

Job Design 194

- Job Specialization, 194* • *The Rationale for Specialization, 194*
- *Alternatives to Job Specialization, 195*

Departmentalization 196

- By Function, 196* • *By Product, 196* • *By Location, 196*
- *By Customer, 197* • *Combinations of Bases, 197*

Delegation, Decentralization, and Centralization 197

- Delegation of Authority, 197* • *Decentralization of Authority, 198*

Going for Success: Google Changes Corporate Culture at Web Speed 199

The Span of Management 199

- Wide and Narrow Spans of Management, 200*
- *Organizational Height, 200*

Career Success: Your Green Career Path? 201

Forms of Organizational Structure 201

- The Line Structure, 201* • *The Line-and-Staff Structure, 202*
- *The Matrix Structure, 203*

Spotlight: Top-Ranked Barriers to Women in the Workplace 204

The Network Structure, 205

Corporate Culture 205

Sustaining the Planet: GE's Environmental Stewardship 206

Committees and Task Forces 207

The Informal Organization and the Grapevine 207

Return to Inside Business: Unilever 208

Summary 208

Key Terms 209

Review Questions 210

Discussion Questions 210

Video Case 7.1: At Numi Organic Tea, Teams and Organizational Culture Are Critical 210

Case 7.2: HP's Corporate Challenge: To Remain Agile and Responsive in an Ever-Changing Environment 211

Building Skills for Career Success 212

Chapter 8: Producing Quality Goods and Services 215

Inside Business: Nestlé Plans Ahead for Quality Production 216

What Is Production? 217

How American Manufacturers Compete in the Global Marketplace, 217 • Careers in Operations Management, 218

The Conversion Process 219

Manufacturing Using a Conversion Process, 219 • The Increasing Importance of Services, 220

Sustaining the Planet: Sustainable Manufacturing Clearing-House 221

Ethical Challenges & Successful Solutions: Ecotourism Services 222

Where Do New Products and Services Come From? 222

Research and Development, 222 • Product Extension and Refinement, 223

How Do Managers Plan Production? 223

Design Planning, 224 • Facilities Planning, 225

Spotlight: Manufacturing Employment 226

Operational Planning, 227

Operations Control 228

Purchasing, 229 • Inventory Control, 229 • Scheduling, 230 • Quality Control, 232

Entrepreneurial Success: Small Manufacturers Achieve Big Productivity Gains 235

Improving Productivity with Technology 235

Productivity Trends, 235 • Improving Productivity Growth Rates, 236 • The Impact of Computers and Robotics on Productivity, 236

Return to Inside Business: Nestlé 238

Summary 239

Key Terms 240

Review Questions 240

Discussion Questions 241

Video Case 8.1: Burton Snowboards' High-Quality Standards 241

Case 8.2: Toyota's Quality Crisis 242

Building Skills for Career Success 243

Running a Business: Part 3: Graeter's Leadership and Management Efforts Enhance Performance 244

Building a Business Plan: Part 3 245

4

Human Resources

247

Chapter 9: Attracting and Retaining the Best Employees 248

Inside Business: Wegmans Has "a Propensity to Serve" 249

Human Resources Management: An Overview 250

HRM Activities, 250 • Responsibility for HRM, 250

Human Resources Planning 251

Forecasting Human Resources Demand, 251 • Forecasting Human Resources Supply, 251 • Matching Supply with Demand, 252

Sustaining the Planet: Are You Looking for a Green Collar Job? 252

Cultural Diversity in Human Resources 253

Job Analysis 254

Recruiting, Selection, and Orientation 254

Recruiting, 255

Career Success: What Can a Career Coach Do for You? 256

Going for Success: Salesforce.com Uses Social Networking to Recruit 257

Selection, 257

Spotlight: When Should a Job Candidate Ask About Salary? 259

Orientation, 260

Compensation and Benefits 260

Compensation Decisions, 260 • Comparable Worth, 261 • Types of Compensation, 262 • Employee Benefits, 262

Training and Development 264

Analysis of Training Needs, 264 • Training and Development Methods, 264 • Evaluation of Training and Development, 265

Performance Appraisal 265

Common Evaluation Techniques, 265 • Performance Feedback, 267

The Legal Environment of HRM 268

National Labor Relations Act and Labor-Management Relations Act, 269 • Fair Labor Standards Act, 269 • Equal Pay Act, 269 • Civil Rights Acts, 269 • Age Discrimination in Employment Act, 269 • Occupational Safety and Health Act, 269 • Employee Retirement Income Security Act, 270 • Affirmative Action, 270 • Americans with Disabilities Act, 270

Return to Inside Business: Wegmans 271

Summary 271

Key Terms 272

Review Questions 272

Discussion Questions 273

Video Case 9.1: Whirlpool's Award-Winning Diversity Program Is Facilitated Through Employee Network 273

Case 9.2: Domino's Pizza Franchisee Finds Sharing Success Promotes Success 273

Building Skills for Career Success 274

> Chapter 10: Motivating and Satisfying Employees and Teams 277

Inside Business: General Electric Invests in Employee Motivation 278

What Is Motivation? 278

Historical Perspectives on Motivation 279

Scientific Management, 279 • The Hawthorne Studies, 281 • Maslow's Hierarchy of Needs, 281

Sustaining the Planet: Good Green Fun 282

Herzberg's Motivation-Hygiene Theory, 283 • Theory X and Theory Y, 284 • Theory Z, 285 • Reinforcement Theory, 286

Contemporary Views on Motivation 287

Equity Theory, 287 • Expectancy Theory, 287 • Goal-Setting Theory, 288

Spotlight: How Does Your Employer Motivate Workers? 288

Key Motivation Techniques 289

Management by Objectives, 290 • Job Enrichment, 290

Entrepreneurial Success: Employee Empowerment Powers Bonobos' Growth 291

Behavior Modification, 292 • Flextime, 292 • Part-Time Work and Job Sharing, 293 • Telecommuting, 294 • Employee Empowerment, 295 • Employee Ownership, 295

Teams and Teamwork 295

What Is a Team?, 296 • Types of Teams, 296

Going for Success: Paid Volunteerism Is Good for Everybody! 298

Developing and Using Effective Teams, 298 • Roles Within a Team, 300 • Team Cohesiveness, 300 • Team Conflict and How to Resolve It, 300 • Benefits and Limitations of Teams, 301

Return to Inside Business: General Electric 301

Summary 301

Key Terms 303

Review Questions 303

Discussion Questions 303

Video Case 10.1: At L.L. Bean, Everyone Is Family 304

Case 10.2: Why Do So Many People Want to Work at Google? 304

Building Skills for Career Success 305

> Chapter 11: Enhancing Union-Management Relations 307

Inside Business: Southwest Airlines and Its Pilots' Union Strike a Good Deal 308

The Historical Development of Unions 309

Early History, 309

Going for Success: Players' Unions in the Big Leagues 310

Evolution of Contemporary Labor Organizations, 311

Organized Labor Today 311

Union Membership, 312 • Membership Trends, 312

Spotlight: Where Are the Union Members? 312

Union-Management Partnerships, 313

Labor-Management Legislation 314

Norris-LaGuardia Act, 314 • National Labor Relations Act, 314 • Fair Labor Standards Act, 315 • Labor-Management Relations Act, 315 • Landrum-Griffin Act, 315

The Unionization Process 315

Why Some Employees Join Unions, 316 • Steps in Forming a Union, 316 • The Role of the NLRB, 318

Collective Bargaining 318

The First Contract, 318 • Later Contracts, 319

Union-Management Contract Issues 319

Employee Pay, 319 • Working Hours, 320

Ethical Challenges & Successful Solutions: How Much Say Should Unions Have? 321

Security, 321 • Management Rights, 322 • Grievance Procedures, 322

Union and Management Negotiating Tools 323

Strikes, 323 • Slowdowns and Boycotts, 324 • Lockouts and Strikebreakers, 324 • Mediation and Arbitration, 325

Sustaining the Planet: The Sierra Club and Green Jobs 325

Return to Inside Business: Southwest Airlines Pilots' Association 326

Summary 326

Key Terms 327

Review Questions 327

Discussion Questions 328

Video Case 11.1: Understanding Labor Unions with the Writers Guild of America 328

Case 11.2: When Nurses and Hospitals Don't Agree 329

Building Skills for Career Success 330

Running a Business: Part 4: Graeter's: Where Tenure Is "a Proud Number" 331

Building a Business Plan: Part 4 332

5

Marketing

333

> Chapter 12: Building Customer Relationships Through Effective Marketing 334

Inside Business: Gotta Have the New iWhats-It! 335

Managing Customer Relationships 336

Utility: The Value Added by Marketing 337

The Marketing Concept 338

Evolution of the Marketing Concept, 339 • Implementing the Marketing Concept, 339

Sustaining the Planet: California's Recycle Store 339

Markets and Their Classification 340

Developing Marketing Strategies 341

Target Market Selection and Evaluation, 341 • Creating a Marketing Mix, 344

Ethical Challenges & Successful Solutions: Limits to Online Privacy? 345

Marketing Strategy and the Marketing Environment 345

Developing a Marketing Plan 346

Market Measurement and Sales Forecasting 346

Spotlight: When You Are 12-17 Years Old, What Is a Necessity? 347

Career Success: Marketing Yourself via Webcam 348

Marketing Information 348

Marketing Information Systems, 348 • Marketing Research, 349
• Using Technology to Gather and Analyze Marketing Information, 350

Types of Buying Behavior 352

Consumer Buying Behavior, 352 • Business Buying Behavior, 353

Return to Inside Business: Apple 354

Summary 354

Key Terms 356

Review Questions 356

Discussion Questions 356

Video Case 12.1: E*Trade Builds Long-Term Customer Relationships 357

Case 12.2: PepsiCo Tailors Tastes to Tantalize Tastebuds of Target Markets 357

Building Skills for Career Success 358

Chapter 13: Creating and Pricing Products that Satisfy Customers 361

Inside Business: Customers Design the Products at Threadless 362

Classification of Products 363

Consumer Product Classifications, 363 • Business Product Classifications, 364

The Product Life-Cycle 364

Stages of the Product Life-Cycle, 365 • Using the Product Life-Cycle, 367

Product Line and Product Mix 367

Managing the Product Mix 368

Managing Existing Products, 368 • Deleting Products, 369
• Developing New Products, 369 • Why Do Products Fail?, 372

Branding, Packaging, and Labeling 373

What Is a Brand?, 373 • Types of Brands, 373 • Benefits of Branding, 374

Career Success: Building Your Personal Brand 375

Choosing and Protecting a Brand, 376 • Branding Strategies, 376
• Brand Extensions, 377 • Packaging, 377

Sustaining the Planet: Sustainable Packaging Coalition 378

Labeling, 379

Pricing Products 379

The Meaning and Use of Price, 379 • Supply and Demand Affects Prices, 380 • Price and Non-Price Competition, 381
• Buyers' Perceptions of Price, 381

Pricing Objectives 382

Survival, 382 • Profit Maximization, 382 • Target Return on Investment, 382 • Market-Share Goals, 382 • Status-Quo Pricing, 382

Pricing Methods 383

Cost-Based Pricing, 383 • Demand-Based Pricing, 384
• Competition-Based Pricing, 385

Pricing Strategies 385

New-Product Pricing, 385 • Differential Pricing, 386
• Psychological Pricing, 387 • Product-Line Pricing, 388

Entrepreneurial Success: New Day, New Deal 389

Promotional Pricing, 389

Spotlight: Which Online Content Are People Willing to Pay for? 390

Pricing Business Products 390

Geographic Pricing, 390 • Transfer Pricing, 390 • Discounting, 391

Return to Inside Business: Threadless 391

Summary 392

Key Terms 393

Review Questions 394

Discussion Questions 394

Video Case 13.1: From Artistic Roots, Blu Dot Styles

Marketing Strategy 394

Case 13.2: Apple iPhone Pricing Dials Up Customer Demand 395

Building Skills for Career Success 396

Chapter 14: Wholesaling, Retailing, and Physical Distribution 399

Inside Business: GameStop's Game Plan for Global Retailing 400

Channels of Distribution 401

Channels for Consumer Products, 401 • Multiple Channels for Consumer Products, 402 • Channels for Business Products, 402
• Level of Market Coverage, 403 • Partnering Through Supply-Chain Management, 404 • Vertical Marketing Systems, 404

Marketing Intermediaries: Wholesalers 405

Justifications for Marketing Intermediaries, 405 • Wholesalers' Services to Retailers, 406 • Wholesalers' Services to Manufacturers, 407 • Types of Wholesalers, 407

Marketing Intermediaries: Retailers 408

Classes of In-Store Retailers, 409

Sustaining the Planet: Food Distributors: How Big Are Your Carbon Footprints? 411

Kinds of Nonstore Retailing, 412

Spotlight: Will You Pay More for a Luxury Item at a Brand Store Than at a Discount Store? 412

Going for Success: Major Brands Party at Home 413

Planned Shopping Centers 416

Lifestyle Shopping Centers, 416 • Neighborhood Shopping Centers, 416 • Community Shopping Centers, 416 • Regional Shopping Centers, 417

Entrepreneurial Success: Furniture Store? That Used to Be Our Roller-Skating Rink! 417

Physical Distribution 417

Inventory Management, 418 • Order Processing, 419 • Warehousing, 419 • Materials Handling, 420 • Transportation, 420

Return to Inside Business: GameStop 422

Summary 422

Key Terms 423

Review Questions 424

Discussion Questions 424

Video Case 14.1: Taza Cultivates Channel Relationships with Chocolate 424

Case 14.2: Behind the Scenes at Costco 425

Building Skills for Career Success 426

Chapter 15: Developing Integrated Marketing Communications 429

Inside Business: Panera Bread's Marketing Communications Menu 430

What Is Integrated Marketing Communications? 431

The Role of Promotion 431

Career Success: Help Wanted: Marketing Communications 432

The Promotion Mix: An Overview 432

Advertising 433

Types of Advertising by Purpose, 433 • Advertising Media, 435

Sustaining the Planet: Go Postal for Greener Direct-Mail

Advertising 436

Spotlight: Attitudes Toward Super Bowl Commercials 437

Ethical Challenges & Successful Solutions: How Many Times Can a Company Violate a Customer's Trust? Only Once! 438

Major Steps in Developing an Advertising Campaign, 439

• Advertising Agencies, 441

Personal Selling 441

Kinds of Salespersons, 442 • The Personal-Selling Process, 443

• Managing Personal Selling, 444

Sales Promotion 445

Sales Promotion Objectives, 445 • Sales Promotion Methods, 445

Public Relations 448

Types of Public-Relations Tools, 448 • The Uses of Public Relations, 448

Promotion Planning 449

Promotion and Marketing Objectives, 449 • Developing the Promotion Mix, 450

Criticisms of Promotion 451

Return to Inside Business: Panera Bread 452

Summary 452

Key Terms 454

Review Questions 454

Discussion Questions 455

Video Case 15.1: L.L.Bean Employs a Variety of Promotion

Methods to Communicate with Customers 455

Case 15.2: Mother and Son Team Flourish at Columbia

Sportswear 456

Building Skills for Career Success 457

Running a Business: Part 5: Graeter's Is "Synonymous with Ice Cream" 458

Building a Business Plan: Part 5 459

6

Information for Business Strategy and Decision Making 461

Chapter 16: Understanding Information and e-Business 462

Inside Business: Net-a-Porter Builds Its Luxury e-Business 463

How Can Information Reduce Risk When Making a Decision? 464

Information and Risk, 464 • Information Rules, 465 • The Difference Between Data and Information, 465

What Is a Management Information System? 466

A Firm's Information Requirements, 466 • Size and Complexity of the System, 467

How Do Employees Use a Management Information System? 468

Step 1: Collecting Data, 468

Spotlight: More Computers in Record Numbers 469

Step 2: Storing Data, 469 • Step 3: Updating

Data, 470 • Step 4: Processing Data, 470 • Step 5: Presenting Information, 470

Improving Productivity with the Help of Computers and Technology 472

Making Smart Decisions, 472 • Helping Employees

Communicate, 472 • Assisting the Firm's Sales Force, 473

Entrepreneurial Success: Apps Become Big Business 474

Recruiting and Training Employees, 474 • Telecommuting,

Virtual Offices, and Technology, 475 • Business Applications

Software, 475 • Computer Backup and Disaster Recovery, 475

Using Computers and the Internet to Obtain Information 476

The Internet and Networks, 477 • Accessing the Internet, 477

• Creating Web Sites, 478

Defining e-Business 479

Organizing e-Business Resources, 479 • Satisfying Needs

Online, 480 • Creating e-Business Profit, 481

Ethical Challenges & Successful Solutions: The Ethics of Ethical Hacking 481

Fundamental Models of e-Business 483

Business-to-Business (B2B) Model, 483 • Business-to-Consumer

(B2C) Model, 484

The Future of Computer Technology, the Internet, and e-Business 485

Internet Growth Potential, 485 • Ethical and Legal Concerns, 486

• Future Challenges for Computer Technology and e-Business, 487

Sustaining the Planet: The Green Grid 487

Return to Inside Business: Net-a-Porter 489

Summary 489

Key Terms 491

Review Questions 491

Discussion Questions 492

Video Case 16.1: How E*Trade Uses e-Business 492

Case 16.2: How eBags Does e-Business 493

Building Skills for Career Success 494

Chapter 17: Using Accounting Information 497

Inside Business: Deloitte Digs Deep into Financial Data 498

Why Accounting Information Is Important 499

Recent Accounting Scandals, 499 • Why Audited Financial Statements

Are Important, 500 • Reform: The Sarbanes-Oxley Act of 2002, 501

Sustaining the Planet: The Global Reporting Initiative 501

Who Uses Accounting Information 501

The People Who Use Accounting Information, 502 • Different

Types of Accounting, 502 • Careers in Accounting, 503

Spotlight: Starting Salaries for Certified Public Accountants (CPAs) 504

The Accounting Process 504

Career Success: More Accountants and Auditors Needed! 505

The Accounting Equation, 505 • The Accounting Cycle, 505

The Balance Sheet 507

Assets, 508 • Liabilities and Owners' Equity, 510

The Income Statement 510

Revenues, 511 • Cost of Goods Sold, 512

Ethical Challenges & Successful Solutions: Trust and Accounting Fraud 513

Operating Expenses, 513 • Net Income, 513

The Statement of Cash Flows 514

Evaluating Financial Statements 516

Using Accounting Information to Evaluate a Potential Investment, 516 • Comparing Data with Other Firms' Data, 519 • Profitability Ratios, 518 • Short-Term Financial Ratios, 519 • Activity Ratios, 520 • Debt-to-Owners'-Equity Ratio, 521 • Northeast's Financial Ratios: A Summary, 521

Return to Inside Business: Deloitte 522

Summary 522

Key Terms 523

Review Questions 524

Discussion Questions 524

Video Case 17.1: Accounting Information Helps Level the Playing Field for The Little Guys 525

Case 17.2: Making the Numbers or Faking the Numbers? 525

Building Skills for Career Success, 526

Running a Business: Part 6: Graeter's Adds MIS to the Recipe 528

Building a Business Plan: Part 6 529

7

Finance and Investment 531

> Chapter 18: Understanding Money, Banking, and Credit 532

Inside Business: TD Bank Seeks to Wow Customers 533

What Is Money? 534

The Functions of Money, 535 • Important Characteristics of Money, 536 • The Supply of Money: M_1 and M_2 , 537

The Federal Reserve System 538

Economic Crisis and the Fed's Response, 538 • Regulation of Reserve Requirements, 540 • Regulation of the Discount Rate, 541 • Open-Market Operations, 541 • Other Fed Responsibilities, 542

The American Banking Industry 543

Banking and Financial Reform: New Regulations, 543 • Commercial Banks, 544 • Other Financial Institutions, 545 • Careers in the Banking Industry, 546

Traditional Services Provided by Financial Institutions 547

Checking Accounts, 547

Sustaining the Planet: UN Capital Development Fund 548

Savings Accounts, 548 • Short- and Long-Term Loans, 548 • Credit-Card and Debit-Card Transactions, 549

Innovative Banking Services 549

Changes in the Banking Industry, 549

Going for Success: Mobile Banking Lets Customers Make the Call 550

Online Banking and International Banking, 550

The FDIC and NCUA 552

Spotlight 553

Effective Credit Management 553

Ethical Challenges & Successful Solutions: Banks as Eco-Cops? 554

Getting Money from a Bank or Lender After a Credit Crisis, 554 • The Five C's of Credit Management, 555 • Checking Credit Information, 557 • New Protection for Consumers: The Credit Card Act of 2009, 558 • Sound Collection Procedures, 558

Return to Inside Business: TD Bank 559

Summary 559

Key Terms 561

Review Questions 561

Discussion Questions 561

Video Case 18.1: Chase Bank Helps Small Business Owners 562

Case 18.2: Are You Credit Savvy? 563

Building Skills for Career Success 563

> Chapter 19: Mastering Financial Management 567

Inside Business: Ford's Financial Fuel 568

What Is Financial Management? 569

The Need for Financing, 569 • The Need for Financial Management, 571

Entrepreneurial Success: Barter Gets a Boost 572

Careers in Finance, 573

Planning—The Basis of Sound Financial Management 573

Developing the Financial Plan, 574 • Monitoring and Evaluating Financial Performance, 576

Sources of Short-Term Debt Financing 577

Sources of Unsecured Short-Term Financing, 577 • Sources of Secured Short-Term Financing, 579 • Factoring Accounts Receivable, 580 • Cost Comparisons, 580

Sources of Equity Financing 581

Selling Stock, 581

Going for Success: What Makes a Good IPO? 582

Retained Earnings, 584 • Venture Capital and Private Placements, 584

Sources of Long-Term Debt Financing 585

Sustaining the Planet: Green Energy Loans 586

Long-Term Loans, 586 • Corporate Bonds, 587

Spotlight 588

Cost Comparisons, 590

Return to Inside Business: Ford 590

Summary 590

Key Terms 592

Review Questions 592

Discussion Questions 592

Video Case 19.1: Financial Planning Equals Profits for Nederlander Concerts 593

Case 19.2: Darden Restaurants Serve Up Long-Term Growth 594
Building Skills for Career Success 595

Chapter 20: Understanding Personal Finances and Investments 597

Inside Business: Raymond James: Professional Investing with the Personal Touch 598

Managing Your Personal Finances 599

Step 1: Tracking Your Income, Expenses, Assets, and Liabilities, 599
• *Step 2: Developing a Budget that Works, 600* • *Step 3: Managing Credit Card Debt, 600*

Career Success: It Is Never Too Early to Think About Retirement 601

Investment Goals, 601 • *A Personal Investment Program, 602*

Important Factors in Personal Investment 603

Safety and Risk, 603 • *Investment Income, 604* • *Investment Growth, 604* • *Investment Liquidity, 604* • *Managing Your Investments in an Economic Crisis, 604*

How Securities Are Bought and Sold 605

Brokerage Firms and Account Executives, 605 • *Regulation of Securities Trading, 607*

Factors that Can Improve Your Investment Decisions 608

Spotlight: The More You Make, the More You Can Invest! 609

Portfolio Management, 609 • *Asset Allocation, the Time Factor, and Your Age, 609* • *Your Role in the Investment Process, 610*

Traditional Investment Alternatives 611

Bank Accounts, 611 • *Corporate and Government Bonds, 611*
• *Common Stock, 613* • *Preferred Stock, 614* • *Mutual Funds and Exchange-Traded Funds, 614*

Ethical Challenges & Successful Solutions: Balancing Returns with Social Responsibility 617

Real Estate, 617

High-Risk Investment Techniques 618

Selling Short, 618 • *Buying Stock on Margin, 619*
• *Other High-Risk Investments, 620*

Sources of Financial Information 620

The Internet, 620 • *Financial Coverage of Securities Transactions, 621* • *Other Sources of Financial Information, 621*

Sustaining the Planet: GreenMoney Journal 621

Security Averages, 625

Return to Inside Business: Raymond James 626

Summary 626

Key Terms 627

Review Questions 628

Discussion Questions 628

Video Case 20.1: For E*Trade Investors, Help Is Just a Click Away 628

Case 20.2: Investing in Your Financial Future 629

Building Skills for Career Success 630

Running a Business: Part 7: Graeter's Plans for Financing Growth 632

Building a Business Plan: Part 7 633

Glossary 635

Notes 649

Name Index 657

Subject Index 662