

Chapter 7: Leadership & Organization (pg. 184-207)

Management: the process of achieving organizational goals through people and other resources.

Attributes of Good Managers:

- Management Levels
 - Top: develops long range strategic plans for organization and inspires executives and employees to achieve their vision for the company's future.
 - Chief Executive Officer
 - Chief Financial Officer
 - Premier, Mayor
 - Middle: Focus on specific operations, products or customer groups within an organization and is responsible for developing detailed plans and procedures to implement the firm's strategic plans.
 - Regional Manager
 - Division Head
 - Director, Dean
 - Supervisory (First-Line): Implements the plans developed by their middle managers, responsible for non-manager employees, and motivates workers to accomplish daily, weekly, and monthly goals.
 - Supervisor
 - Department Chairperson
 - Program Manager
- Management Skills
 - Technical Skills: Manager's ability to understand and use the techniques, knowledge, tools, and equipment of a specific department or area of study.
 - Most important skill for Lower-level managers
 - Human Skills: Interpersonal skills that enable a manager to work effectively with and through people
 - Most important skill for Middle Managers
 - Conceptual Skills: Ability to see the organization as a unified whole and to understand how each part of the overall organization interacts with other parts.
 - Most important skill for Top Managers
- Management Functions:

- Planning: the process of looking forward to future events and conditions and deciding on the courses of action for achieving organization goals.
- Organizing: The process of blending human and material resources through a formal structure of tasks and authority
- Leading/Directing: Guiding and motivating employees to accomplish organizational goals
- Controlling:
 - The function of assessing an organization's performance against its goals.
 - Involves four basic steps:
 - Setting performance standards
 - Monitor actual performance
 - Compare actual performance with the standards
 - Making corrections if needed

Functional Process: This process leads to achieving the organization's stated purpose

- Planning: defining goals, establishing strategy, and developing sub-plans to coordinate activities
- Organizing: Determining what needs to be done, how it will be done, and who is to do it
- Directing: Directing and motivating all involved parties and resolving conflicts
- Controlling: Monitoring activities to ensure that they are accomplished as planned

What qualities should a top manager be selected on?

- Top 10:
 - 60% have MBAs (The Master of Business Administration)
 - 30% have engineering degrees
- Top 100:
 - Over $\frac{1}{4}$ have an MBA & almost $\frac{1}{4}$ have an engineering degree.
 - Only 2 women in top 100

Top 3 CEO Rankings: (Probably necessary to remember)

1. Jeffrey Bezos
 - a. Firm: Amazon
 - b. Does not have an MBA, is an engineer
2. John Martin
 - a. Firm: Gilead Sciences
 - b. Has an MBA, is an engineer
3. John Chambers

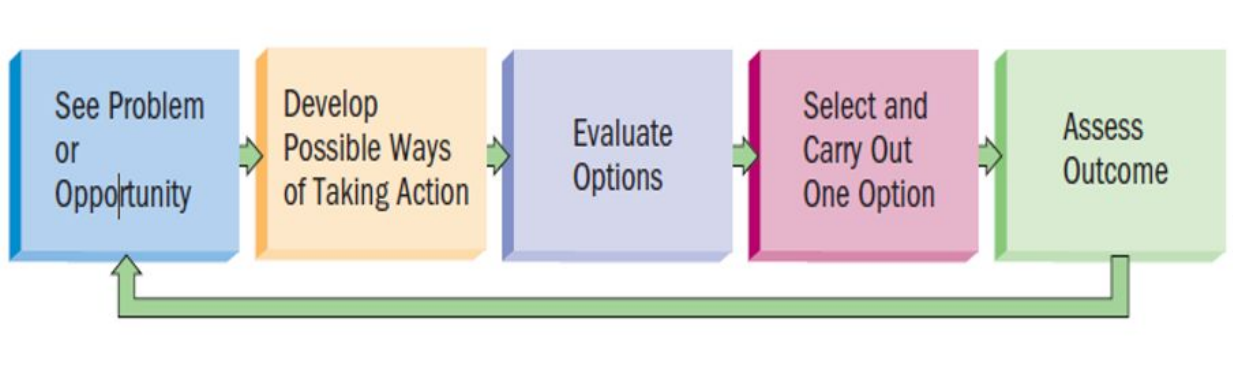
- a. Cisco Systems
- b. Has an MBA, is not an engineer

Remuneration Rankings:

- Average salary is just under 20 million
- Reputation is not correlated with pay or CEO rank
- Pay is not statistically correlated with rank

Decision-making: the process of seeing a problem or opportunity, assessing possible solutions, selecting and carrying out the best-suited plan, and assessing the results.

- A **programmed decision** involves simple, common, and frequently-occurring problems that already have solutions.
- A **nonprogrammed** decision involves a complex and unique problem or opportunity with important results for the organization.



Setting a Vision and Ethical Standards for the Firm:

- Vision: the ability to perceive marketplace needs and what an organization must do to satisfy them.
 - Must be focused yet adaptable to changes in the business environment.
- Long-term success is also tied to the ethical standards that the top management team sets.
 - High ethical standard can also encourage, motivate, and inspire employees to achieve goals.

Different Types and Levels of Planning

Primary Type of Planning	Managerial Level	Examples
Strategic	Top Management	Organizational objectives, fundamental strategies, long-term plans

Tactical	Middle Management	Quarterly and semi-annual plans, departmental policies and procedures
Operational	Supervisory Management	Daily and weekly plans, rules, and procedures for each department
Contingency	Primary top management, but all levels contribute	Ongoing plans for action and communications in an emergency

Note: Research shows that firms that spend more effort on effective planning get better results

Planning Process:

- Organizations should have a comprehensive planning framework
 - Each step should fit into overall plan
 - Broad/long-range: mission statement; objectives and goals
 - Narrow/short-range: functional plans for specific employees/areas
- Plans outline the steps the company will take to meet goals and objectives

SWOT stands for strengths, weaknesses, opportunities, and threats

- By assessing all four factors one by one, a firm can then develop the best strategies for gaining a competitive advantage

Organization: A structured group of people working together to achieve common goals.

- Three key elements:
 - Human interaction
 - Goal-directed activities
 - Structure

Departmentalization (Org. Structures):

The process of dividing work activities into units within the organization

- Product departmentalization: Organized based on the goods and services a company offers.
- Geographical departmentalization: Organized by geographical regions within a country or, for a multinational firm, by region throughout the world.
- Customer departmentalization: Organized by the different types of customers the organization serves.

- Functional departmentalization: Organized by business functions such as finance, marketing, human resources, and production.
- Process departmentalization: Organized by work processes necessary to complete production of goods or services.

Delegating Work Assignments:

- Delegation: The managerial process of assigning work to employees.
 - Providing employees with the responsibility and necessary authority for completing tasks.
 - Employees have accountability, or responsibility, for their actions and decisions.
- Span of management is the number of employees a supervisor manages.
- Centralization means that decision-making is retained at the top of the management hierarchy.
- Decentralization means that decision-making is shifted to the lower levels. Many firms believe it enhances their flexibility and responsiveness to customer needs.

Line organizations:

- Oldest and simplest form; direct flow of authority from CEO to employees.
- Chain of command indicates who directs which activities and who reports to whom.

Line-and-staff organizations:

- Combines line departments and staff departments.
- Line departments participate directly in decisions that affect the core operations of the organization.
- Staff departments lend specialized technical support.

Committee Organizations:

- Authority and responsibility are in the hands of a group of individuals.
- Often part of a line-and-staff structure.
- Often develop new products.
- Tend to act slowly and conservatively.
- Often make decisions by compromising conflicting interests rather than choosing best alternative.

Matrix Organizations:

- Project management structure that links employees from different parts of the organization to work together on specific projects.
- Employees report to both a line manager and a project manager.

- Advantages:
 - Flexibility in adapting to changes.
 - Focus on major problems or products.
 - Outlet for employees' creativity and initiative
- Disadvantages:
 - Integrating skills of many specialists into a coordinated team.
 - Team members' permanent functional managers must adjust the employees' regular workloads

Leadership Styles:

- Autocratic leadership Leader-centred; make decisions on own without consulting employees.
- Democratic leadership involves employees in decisions, delegate assignments, and ask them for suggestions.
- Free-rein leadership involves minimal supervision, leave most decisions to employees.

Types of Controls:

- Leadership & supervision
- Goals/objectives – bonuses/penalties
- Accounting/performance
- Performance feedback
- Employee & customer surveys
- Rules, regulations, & guidelines
- Etc. (Anything that controls workers behavior in the organization)

Corporate culture: An organization's collection of principles, beliefs, and values.

- Managers use symbols, rituals, ceremonies, and stories to influence & reinforce corporate culture

Other textbook definitions:

Mission statement: a written description of an organization's overall business purpose and aims.

Objectives: the targets that managers use to plan for performance. These objectives can relate to such areas as new-product development, sales, customer service, growth, environmental and social responsibility, and employee satisfaction.

Leadership: the ability to direct or inspire people to reach goals.

Empowerment: giving employees shared authority, responsibility, and decision-making with their managers.

Delegation: the managerial process of assigning work to employees.

Chapter 8-9: Human Resource Management **(pg. 214-233 & 240-257)**

Chapter 8:

- Human resource management: The function of attracting, developing, and retaining employees who can perform the activities needed to meet organizational objectives.
- Three main objectives:
 - Providing qualified, well-trained employees for the organization.
 - Maximizing employee effectiveness in the organization.
 - Satisfying individual employee needs through monetary compensation, benefits, opportunities to advance, and job satisfaction.

Ultimate Goals of HR Management:

- Locate - Make sure you have the people who are best suited to the company and job.
- Develop - Train & provide employees with the necessary knowledge & assets to do the job efficiently & effectively.
- Retain - Continually motivate employees to improve the company in any way possible

Recruitment and Selection:

- Recruiting techniques continue to evolve as technology advances.
- Internet recruiting is quick, efficient, and inexpensive.

Selecting and Hiring Employees:

- Must follow legal requirements.
- Failure to follow these exposes company to risk of litigation, bad publicity, and poor employee morale.
- Recruiting and hiring is a costly process for employers.
- Some employers require employment tests (e.g., mechanical, computer, language skills).

Orientation, Training, and Evaluation:

- Newly-hired employees often complete an orientation program
 - Inform employees about company policies
 - Employee manuals
 - Describe benefits/programs
 - Training
- Training programs
 - On-the-job training
 - Classroom and computer-based training
 - Management development

Performance appraisal: evaluation of and feedback on an employee's job performance.

- Effective performance reviews:
 - Take place several times a year
 - Are linked to organizational goals
 - Are based on objective measures
 - Take place in the form of a two-way conversation
- Some firms conduct peer reviews (assess performance of co-workers).
- May conduct a 360-degree performance review, a process that gathers feedback from a review panel that includes co-workers, supervisors, team members, subordinates, and sometimes customers.

Compensation: the amount employees are paid in money and benefits.

Wage: pay based on an hourly rate or the amount of work accomplished.

Salary: pay calculated on a periodic basis, such as weekly or monthly

Most firms base compensation decisions on five factors:

- What competing companies are paying
- Government regulation
- The cost of living
- Company profits
- Employee's productivity

Employee Benefits: additional compensation - such as vacation time, retirement savings plans, profit-sharing, health insurance, gym memberships, child and elder care, and tuition reimbursement - paid entirely or in part by the company.

- Could reach 30% of total employee compensation

Some benefits required by law:

- Canada Pension Plan
- Unemployment insurance
- Workers' compensation programs

Flexible Benefits:

- With flexible benefit plans, employees are provided a range of options to choose from.
 - Medical, dental, vision, life, and disability insurance
- Many companies also offer flexible time off policies instead of establishing a set number of holidays, vacation days, and sick days.
 - Employees have freedom to use paid time off (PTO) as they like
 - Is an expensive benefit for employers

Flexible Work:

- Allows employees to adjust their working hours and places of work to accommodate their personal needs.
- Flextime allows employees to set their own work hours within constraints specified by the firm.
- A compressed workweek allows employees to work the regular number of weekly hours in fewer than the typical five days
- A job sharing program allows two or more employees to divide the tasks of one job.
- A home-based work program allows employees, or telecommuters, to perform their jobs from home instead of at the workplace.
 - More than 70 percent of Generation Y professionals are concerned with balancing career and their personal lives.

Employee separation: a broad term for the loss of an employee for any reason, voluntary or involuntary.

- Voluntary turnover: Employees may leave firms to start their own businesses, take jobs with other firms, or retire.
 - Some firms ask employees who leave voluntarily to participate in exit interviews to find out why they decided to leave.
 - Successful companies are clearly focused on retaining their best workers.
- Involuntary turnover: Employers may terminate employees because of poor job performance, unethical behaviour, or the need for downsizing.
 - Employers must carefully document reasons when terminating employees.

- Human resource managers must be educated in employment laws so the termination is handled properly.

Downsizing: the process of reducing the number of employees within a firm by eliminating jobs

- Downsizing has negative effects:
 - Anxiety, health problems, and lost productivity among remaining workers
 - Expensive severance packages paid to laid-off workers
 - A domino effect on the local economy

Outsourcing: using outside vendors to produce goods or fulfill services and functions that were previously handled in-house or in-country.

- To save expenses and remain flexible, companies will try to outsource functions that are not part of their core business. Although outsourcing might work on paper, the reality might be different.

Motivating Employees:

- Motivation starts with good employee morale (the mental attitude of employees toward their employer and jobs).
- High employee morale occurs in organizations where workers feel valued, heard, and empowered to contribute what they do best.
- Poor morale shows up through absenteeism, voluntary turnover, and lack of motivation.

Maslow's Hierarchy of Needs: a theory of motivation proposed by Abraham Maslow.

According to the theory, people have five levels of needs that they try to satisfy:

physiological, safety, social, esteem, and self-actualization.

- People's needs depend on what they already possess.
- A satisfied need is not a motivator; only needs that remain unsatisfied can influence behaviour.
- People's needs are arranged in a hierarchy of importance; once they satisfy one need, at least partially, another emerges and demands satisfaction.
- People have five levels of needs that they seek to satisfy:
 - Physiological needs
 - Safety needs
 - Social (belongingness) needs
 - Esteem needs
 - Self-actualization needs

Herzberg's Two Factor Model:

- Hygiene factors – result in satisfaction
 - Salary
 - Job security
 - Working conditions
 - Status
 - Interpersonal relations
 - Technical supervision
 - Company policies
- Motivator factors - can produce high levels of motivation if present
 - Job responsibilities
 - Achievement
 - Recognition
 - Growth opportunities

Expectancy Theory: the process people use to evaluate the likelihood that their efforts will lead to the results they want and the degree to which they want those results.

Equity Theory: an individual's perception of fair and equitable treatment.

- Compared to friends, others in profession, others in company working about as hard, etc.

Goal-setting Theory: the idea that people will be motivated to the extent to which they accept specific, challenging goals and receive feedback that shows their progress toward goal achievement.

- A goal is a target, objective, or result that someone tries to accomplish

Management by Objectives (MBO): a structured approach that helps managers to focus on reachable goals and to achieve the best results based on the organization's resources.

- MBO helps motivate individuals by aligning their objectives with the goals of the organization, increasing overall organization performance.
- MBO principles:
 - A series of related organizational goals and objectives
 - Specific objectives for each person
 - Participative decision-making
 - A set time period to accomplish goals
 - Performance evaluation and feedback

Job Design:

- Job enlargement expands an employee's responsibilities by increasing the number and variety of tasks assigned to the worker.
- Job enrichment expands an employee's job duties to empower an employee to make decisions and learn new skills leading toward career growth.
- Job rotation involves systematically moving employees from one job to another, increasing their range of activities.

Managers' Attitudes and Motivation:

-Two assumptions managers make about employees affect management styles, according to psychologist Douglas McGregor:

- Theory X assumes that employees dislike work and try to avoid it whenever possible, so management must coerce them to do their jobs.
 - money and job security are motivators (Maslow's lower order of needs)
- Theory Y assumes that the typical person actually likes work and will seek and accept greater responsibility.
 - self-control and self-direction are motivators (Maslow's higher order of needs)

-A Third theory from management professor William Ouchi:

- Theory Z views worker involvement (i.e., involvement in culture and group) as key to increased productivity for the company and improved quality of work life for employees

Other Textbook Definitions:

Labour Union: a group of workers who organize themselves to work toward common goals in the areas of wages, hours, and working conditions.

Collective Bargaining: the process of negotiation between management and union representatives.

Chapter 9: (Apparently not on Test)

Empowerment: giving employees shared authority, responsibility, and decision-making with their managers.

Team: a group of people with certain skills who share a common purpose, approach, and performance goals.

Work-teams: relatively permanent groups of employees with complementary skills who perform the day-to-day work of organizations.

Problem-solving Team: a temporary combination of workers who gather to solve a specific problem and then disband.

Self-managed Team: a work team that has the authority to decide how its members complete their daily tasks.

Cross-functional Team: a team made up of members from different functions, such as production, marketing, and finance.

Virtual Teams: groups of geographically or organizationally separated co-workers who use telecommunications and information technologies to accomplish an organizational task.

Team Level: the team's average level of ability, experience, personality, or any other factor.

Team Diversity: the team's differences in ability, experience, personality, or any other factor.

Team Cohesiveness: the extent to which team members feel attracted to the team and motivated to remain part of it.

Team Norm: a standard of conduct shared by team members that guides their behaviour.

Conflict: the outcome when one person's, or one group's, needs do not match those of another, and one side may try to block the other side's intentions or goals.

Cognitive Conflict: a disagreement that focuses on problem- and issue-related differences of opinion.

Affective Conflict: a disagreement that focuses on individuals or personal issues.

Communication: a meaningful exchange of information through messages.

Listening: receiving a message and interpreting its intended meaning by grasping the facts and feelings the message conveys.

Grapevine: an internal information channel that passes information from unofficial sources.

External Communication: a meaningful exchange of information through messages sent between an organization and its major audiences.

Chapter 10: (Apparently not on test)

Production: the use of resources, such as workers and machinery, to convert materials into finished goods and services.

Production and Operations Management: the process of overseeing the production process by managing the people and machinery that convert materials and resources into finished goods and services.

Mass Production: a system for manufacturing products in large quantities by using effective combinations of employees with specialized skills, mechanization, and standardization.

LEED (Leadership in Energy and Environmental Design):

A voluntary certification program administered by the Canada Green Building Council, aimed at promoting the most sustainable construction processes available.

Computer-aided design (CAD): a process used by engineers to design part and entire products on the computer. Engineers who use CAD can work faster and with fewer mistakes than those who use traditional drafting systems.

Computer-aided Manufacturing (CAM): a computer tool that a manufacturer uses to analyze CAD output and the steps that a machine must take to produce a needed product or part.

Flexible Manufacturing System (FMS): a production facility that workers can quickly change to manufacture different products.

Computer-integrated manufacturing (CIM): an integrated production system that uses computer to help workers design products, control machines, handle materials and control the production function.

Make, Buy, or Lease Decision: choosing whether to manufacture a product or part in-house, buy it from an outside supplier, or lease it.

Inventory Control: a function that balances the costs of storing inventory with the need to have stock on hand to meet demand.

Just-in-time (JIT) System: a broad management philosophy that reaches beyond the narrow activity of inventory control to affect the entire system of production and operations management.

Materials Requirement Planning (MRP): a computer based production planning system that ensures a firm has all the parts and materials it needs to produce its output at the right time and place and in the right amounts.

Production control: creating well-defined procedures for coordinating people, materials, and machinery to provide the greatest production efficiency.

Quality: the state of being free of deficiencies or imperfections.

Benchmarking: the process of looking at how well other companies perform business functions or tasks and using their performances

International Organization for Standardization (ISO): an international organization whose mission is to develop and promote international standards for business, government, and society. The aim is to improve and encourage global trade and cooperation.

Chapter 11-12: Marketing I (pg. 294-318 & 326-351)

Marketing: an organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Utility: the power of a good or service to satisfy a want or need.

- Create time utility by making a good or service available when customers want to purchase it.
- Create place utility by making a product available in a location convenient for customers.
- Create ownership utility through an organized transfer of goods and services from the seller to the buyer.

Consumer (B2C) Product: a good or service that is purchased by end users.

Business (B2B) Product: a good or service purchased to be used, either directly or indirectly, in the production of other goods for resale.

Target Market: a group of people that an organization markets its goods, services, or ideas toward, using a strategy designed to satisfy this group's specific needs and preferences.

Marketing Research: the process of collecting and evaluating information to support marketing decision-making

- Internal data is generated within the organization; includes financial records, inventory levels, sales, profitability
- External data comes from outside sources; includes trade associations, advertising agencies, national marketing research firms
- Secondary data is previously published data.
 - Low-cost and easy to obtain.
 - Government publications provide data sources (e.g., census statistics).
- Primary data is collected through observation, surveys, and other forms of observational study.
- Focus groups gathers 8 to 12 people in a room or over the Internet to discuss a specific topic. Can lead to new ideas, address consumer needs, and point out flaws in existing products.
- Business intelligence: A field of research that uses activities and technologies for gathering, storing, and analyzing data to make better competitive decisions
- Data mining: The use of computer searches of customer data to detect patterns and relationships.

Market Segmentation: the process of dividing a total market into several relatively similar groups.

- Key criteria for picking dimension(s) for segmentation other than usefulness
 - A segment must be a measurable group
 - A segment must be accessible for communication
 - A segment must be large enough to offer profit potential

Geographical segmentation: dividing an overall market into similar groups on the basis of their locations.

Demographic Segmentation: dividing markets on the basis of various demographic or socioeconomic characteristics, such as gender, age, income, occupation, household size, stage in family life cycle, education, or ethnic group.

Psychographic Segmentation: dividing consumer markets into groups with similar attitudes, values and lifestyles.

- AIO (attitude, interests & opinion) statements are people's verbal descriptions of various attitudes, interests, and opinions

Product-related segmentation: dividing consumer markets into groups that are based on benefits sought by buyers, usage rates, and loyalty levels.

Segmenting Business Markets:

- Geographic segmentation targets geographically concentrated industries.
- Demographic, or customer-based, segmentation designs a good or service intended for a specific organizational market (e.g., healthcare institutions).
- End-use segmentation: A marketing strategy that focuses on the precise way a B2B purchaser will use a product

Consumer behaviour: end consumer's activities that are directly involving in obtaining, consuming and disposing of products, and the decision processes before and after these activities.

- Personal factors: needs and motives, perceptions, attitudes, learned experiences, self-concept
- Interpersonal factors: cultural, social, and family influences
- External factors: economic events

Business buying behaviour often includes a variety of influences from multiple decision makers within the organization

(REFER TO KEVIN'S NOTE FOR REST)

Kevin's Note:

Marketing:

An organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Marketing Strategy Process:

1. Research market
2. Segment and choose target market
3. Understand targeted customer behaviour
4. Develop marketing strategy

Marketing mix:

product:

- functionality
- brand
- packaging
- services

promotion:

- advertising
- sales force
- publicity
- sales promotion

price:

- list price
- discounts
- bundling
- credit items

place:

- channel
- inventory
- logistics
- distribution

How Marketing Creates Value/Utility

Utility: the power of a good or service to satisfy a want or need

- time utility, by making a good/service available when customers want it
- place utility, by making a good/service available in a convenient location
- ownership utility, through an organized transfer of goods and services from the seller to the buyer

Value proposition: value customer gets out of a product/service based on purchasing it

Developing a marketing strategy:

1. study and analyze potential target markets and choose among them
2. create marketing mix to satisfy the chosen market
 - product, distribution, promotion, pricing

Target marketing process:

1. segmentation: identify and describe market segments
2. targeting: evaluate segments and decide which to go after
3. position: design a product/service to meet a segments needs and develop a marketing mix that will create a competitive advantage in the minds of the selected target market

Types of markets:

- Consumer (B2C) product: a good/service that is purchased by end users
- Business (B2B) product: a good/service purchased to be used, either directly or indirectly, in the production of other goods for resale

Target Market:

A group of people that an organization markets its goods, services or ideas toward, using a strategy designed to satisfy this group's specific needs and preferences

Marketing research:

The process of collecting and evaluating information to support marketing decision making
ex:

- surveys
- focus groups
- interviews
- libraries
- government agencies
- trade associations

Internal data: generated within the organization, includes financial records, inventory levels, sales, profitability

External data: comes from outside sources; including trade associations, advertising agencies, national marketing research firms

Secondary data: previously published data, low cost and easy to obtain

Primary data: collected through observations, surveys, other forms of observational study

Focus groups: gathers 8-12 people either in person or over the internet to discuss a specific topic, can lead to new ideas, address consumer needs, point out flaws in existing products

Business intelligence: a field of research that uses activities and technologies for gathering, storing and analyzing data to make better competitive decisions

Data mining: the use of computer searches of customer data to detect patterns and relationships

Market segmentation: the process of dividing up the market into several relatively similar groups

Key criteria for picking dimensions:

- segment must be a measurable group
 - ex: data can be collected on the dollar amount and number of purchases made by college students
- segment must be accessible for communication
 - ex: more and more seniors are now online, so many seniors can now be reached through the internet
- segment must be large enough to profit potential

- ex: in a small community, a store is carrying only large-size shoes might not be profitable. for similar reasons, a specialty retail chain may prefer to locate in a larger market

segmenting consumer markets:

- geographic, demographic, psychographic, product-related

segmenting business markets:

- geographic, demographic, end-use

Consumer behaviour:

End consumers' activities that are directly involved in obtaining, consuming and disposing of products and the decision processes before and after these activities

- personal factors
 - needs, etc.
- interpersonal factors
 - cultural, social, family influences
- external factors
 - economic events

Types of business goods:

Capital goods:

- installations: major capital items, such as factories and machinery
- accessories: less expensive than installations

Expense goods:

- supplies that a firm uses up that aren't part of the final product

Inventory goods:

- component parts and materials: become part of the final product
- raw materials: natural products used to produce final products

Product life cycle:

1. introduction
 - promote product, often give free samples, promote
1. growth
 - sales climb quickly
1. maturity
 - further expansion is impossible
1. decline
 - sales fall, profits decline

Branding

- manufacturer's brand: offered and promoted by a manufacturer
- private/store brand: carries a wholesale's label (Loblaws president's choice foods)
- family branding: uses a single brand name for several related products

- individual branding: gives each product a different name

Brand loyalty:

brand recognition: consumer knows the brand but doesn't really care

brand preference: consumer prefers the brand over others'

brand insistence: consumer will only buy that brand

Packaging

Import to product image

Distribution strategy:

distribution channel: the path that products follow from producer to consumers or business users

physical distribution: the actual movement of the products to consumers

Direct Distribution: direct contact between producer and consumer, common in B2B

Distribution through an intermediary: producers sell through wholesalers and retailers

Wholesaler: a distribution channel member that sells primarily to retailers, other wholesalers, business users

Retailing:

Retailers: distribution channel members that sell goods to individuals for their own use, not for resale. products dealt directly to customers

Distribution intensity:

intensive distribution: products available in every outlet

selective distribution: manufacturer selects a limited number of retailers to distribute its product lines

exclusive distribution: limits market coverage to a specific location

Other Textbook Definitions:*Chapter 11 Definitions:*

Exchange Process: an activity in which two or more parties trade something of value (such as goods, services, or cash) that satisfies each other's needs.

Marketing Concept: a company wide consumer focus on promoting long-term success.

Person Marketing: efforts that are designed to attract the attention, interest, and preference of a target market toward a person.

Place Marketing: an attempt to attract people to a particular area, such as a city, region, or country.

Event Marketing: marketing or sponsoring of short-term events such as athletic competitions and cultural and charitable performances.

Cause Marketing; marketing that promotes a cause or social issue, such as preventing child abuse, anti-littering efforts, and stop-smoking campaigns.

Organization Marketing: a marketing strategy that influences consumers to accept the goals of an organization, receive the services of an organization, or contribute in some way to an organization.

Marketing Mix: a blending of the four elements of marketing strategy - product, distribution, promotion, and pricing - to satisfy chosen customer segments

Business Intelligence: a field of research that uses activities and technologies for gathering, storing, and analyzing data to make better competitive decisions.

Data Mining: the use of computer searches of customer data to detect patterns and relationships

Data Warehouse: a customer database that allows managers to combine data from several different organizational functions

End-use segmentation: a marketing strategy that focuses on the precise way a B2B purchaser will use a product.

Relationship marketing: developing and maintaining long-term, cost-effective exchange relationships with partners

Lifetime value of a customer: the revenues and intangible benefits (such as referrals and customer feedback) from a customer over the life of the relationship, minus the amount the company must spend to acquire and serve that customer.

Frequency Marketing: a marketing initiative that rewards frequent purchases with cash, rebates, merchandise, or other premiums.

Affinity Program: a marketing effort sponsored by an organization that targets people who share common interests and activities.

Comarketing: a cooperative arrangement where two businesses jointly market each other's products.

Cobranding: a cooperative arrangement where two or more businesses team up to closely link their names on a single product.

Chapter 12 Definitions:

Product: a bundle of physical, service, and symbolic characteristics designed to satisfy consumer wants.

Product Line: a group of related products that share physical similarities or are targeted toward a similar market.

Product Mix: the assortment of product lines and individual goods and services that a firm offers to consumers and business users.

Product Life Cycle: the four basic stages in development of a successful product - introduction, growth, maturity, and decline.

Test Marketing: the introduction of a new product and a complete marketing campaign to a selected city or TV coverage area.

Brand: a name, term, sign, symbol, design, or some combination that identifies the products of one firm and shows how they differ from competitors' offerings.

Brand name: the part of the brand that is made up of words or letters that form a name. It is used to identify a firm's products and show how they differ from the products of competitors.

Trademark: a brand that has been given legal protection.

Brand Equity: the added value that a respected and successful name gives to a product.

Category advisor: the individual that the business customer assigns as the major supplier to deal with all the other suppliers for a project. The category advisor also presents the entire package to the business buyer.

Distribution Strategy: a plan that deals with the marketing activities and institutions that get the right good or service to the firm's customers.

Distribution Channels: the paths that products - and their legal ownership - follow from producer to consumer or business users.

Physical distribution: the actual movement of products from producer to consumers or business users.

Wholesaler: a distribution channel member that sells primarily to retailers, other wholesalers, or business users.

Retailers: distribution channel members that sell goods and services to individuals for their own use, not for resale.

Supply Chain: the complete sequence of suppliers that help to create a good or service and deliver it to business users and final consumers.

Logistics: the process of coordinating the flow of goods, services, and information among members of the supply chain.

Vendor-managed inventory: the process in which the producer and the retailer agree that the producer (or the wholesaler) will decide how much of a product a buyer needs and automatically ship new supplies when needed.

Chapter 13: Marketing II (pg. 358-382)

Promotional Mix:

combination of personal and nonpersonal selling that marketers use to meet the needs of a firm's target customers

personal selling: human to human contact to sell stuff

impersonal: ads, sales promotions, etc.

Push and Pull Market strategies:

Pushing strategy: promotion of a product to wholesalers and retailers

Pulling strategy: promotion of a product by generating consumer demand, mainly through advertising

Types of advertising:

cooperative advertising:

allowances that marketers provide to share with channel partners to share the cost of local advertising

product advertising: messages designed to sell a good

institutional advertising: messages that promote concepts, ideas, or philosophies

cause advertising: form of institutional advertising that promotes a viewpoint on a public issue ex: cancer research

Advertising and the product cycle:

informative advertising: letting people know about the product, used in the introductory phase

persuasive advertising: attempts to improve competitive status of product, used in growth and maturity phases

Comparative advertising: compares products against competitors, either explicitly or by inference

Reminder-oriented advertising: maintains awareness of product, used in maturity and declining phases

Sales promotion:

Forms of promotion such as coupons, samples, etc.

Consumer oriented promotions:

premiums, coupons, rebates, samples, games, contests, etc.

product placement: placing product in media

Guerilla marketing: innovative low cost marketing efforts designed to get consumer attention in unusual ways

When is personal selling good?

- few, geographically concentrated customers
- product is technically complex
- product is high price
- product moves through direct distribution channel

Sales Tasks

Order processing: A form of selling that involves identifying customer needs, pointing out products that meet those needs and completing orders

Creative selling: A persuasive type of promotional presentation

- promotes a good whose attributes are not readily apparent

Telemarketing: One on one phone selling

Missionary selling: indirect form of selling, in which a representative promotes goodwill for a company or provides assistance to the customer

Sales process:

1. prospecting and qualifying: identify potential customers
2. approach: prepare for sales interview
3. presentation: tell the product's story
4. demonstration: involve the customer in the presentation
5. handling questions: answer customer questions
6. closing: ask for the order
7. follow up: thank the customer and begin building a relationship for future sales

Pricing objectives:

1. profitability
2. volume
3. meeting competition
4. prestige

Prestige pricing:

- establishing a relatively high price to give a sense of exclusiveness and luxury
- recognition of the effect the price will have on product image
- limited products may establish their own prestige

- price and quality are highly related in the customers mind

Odd pricing: pricing method that uses uneven amounts to make a product seem cheaper, ie 9.99 instead of 10.00

Other pricing strategies:

Skimming pricing: set high prices worldwide, so the product is distinguished with its prestige

Penetration pricing: set low prices worldwide, often used with new products

Everyday low pricing: maintaining continuously low prices

Competitive pricing: match competitors pricing, thus taking the significance on price away. focuses on product qualities

Types of costs:

Fixed costs: costs that are static at all times within a given period

Variable costs: costs that may change based on how much the company is producing

ex: for a farmer, fixed is land and tractor and stuff, variable is seeds, fertilizer

Breakeven analysis:

technique to calculate the minimum amount of sales required to cover the costs

Other Textbook Definitions:

Promotion: the function of informing, persuading, and influencing a purchase decision.

Integrated marketing communications (IMC): the coordination of all promotional activities - media advertising, direct mail, personal selling, sale promotion, and public relations - to produce a unified, customer-focused promotional strategy.

Promotion: the function of informing, persuading, and influencing a purchase decision.

Promotional Mix: the combination of personal and nonpersonal selling that marketers use to meet the needs of a firm's target customers and to effectively and efficiently communicate its message to them.

Personal selling: the most basic form of promotion; a direct person-to-person promotional presentation to potential buyer.

Nonpersonal selling: forms of selling such as advertising, sales promotion, direct marketing, and public relations.

Positioning: a concept whereby marketers try to establish their products in the minds of customers by communicating to buyers the meaningful differences about the attributes, price, quality, or use of a good or service.

Product placement: a form of promotion where marketers pay placement fees to have their products featured in various media, from newspapers and magazines to television and movies.

Guerrilla Marketing: innovative, low-cost marketing efforts designed to get consumers' attention in unusual ways.

Product Advertising: messages design to sell a particular good or service.

Institutional Advertising: messages that promote concepts, ideas, or philosophies. It can also promote goodwill toward industries, companies, organizations, or government entities.

Cause Advertising: a form of institutional advertising; messages that promote concepts, ideas, or philosophies. It can also promote goodwill toward industries, companies, organizations, or government entities.

Sponsorship: providing funds for a sporting or cultural event in exchange for a direct association with the event.

Infomercials: a form of broadcast directing marketing; 30 minute programs resemble regular TV programs, but sell goods or services.

Sales promotion: forms of promotion such as coupons, product sample, and rebates that support advertising and personal selling.

Specialty advertising: promotional items that prominently display a firm's name, logo, or business slogan.

Trade promotion: sales promotion geared to marketing intermediaries, not to final consumers.

Point-of-purchase (POP) advertising: displays or demonstrations that promote products when and where consumers buy them, such as in retail stores.

Order Processing: a form of selling used mostly at the wholesale and retail levels; involves identifying customer needs, pointing out products that meet those needs, and completing orders.

Creative selling: a persuasive type of promotional presentation.

Missionary Setting: an indirect form of selling where the representative promotes goodwill for a company or provides technical or operational assistance to the customer.

Telemarketing: personal selling by telephone, which provides marketers with a high return on their expenses, an immediate response, and an opportunity for a personalized two-way conversation.

Public relations: an organization's communications and relationships with its various public audiences.

Publicity: the non personal stimulation of demand for a good, service, place, idea, event, person, or organization by unpaid placement of information in print or broadcast media.

Pushing strategy: Personal selling to market an item to wholesalers and retailers in a company's distribution channels.

Cooperative Advertising: Allowances that marketers provide to share with channel partners the cost of local advertising of their firm's product or product line.

Pulling Strategy: promotion of a product by generating consumer demand for it, mainly through advertising and sales promotion appeals.

Profitability Objectives: common goals that are included in the strategic plans of most firms.

Volume Objectives: Pricing decisions that are based on market share, the percentage of a market controlled by a certain company or product.

Prestige Pricing: setting a relatively high price to develop and maintain an image of quality and exclusiveness.

Cost-based pricing: calculating total costs per unit and then adding markups to cover overhead costs and generate profits.

Breakeven Analysis: the pricing-related technique used to calculate the minimum sales volume a product must generate at a certain price level to cover all costs.

Skimming Pricing: a strategy that sets an intentionally high price relative to the prices of competing products.

Penetration Pricing: a strategy that sets a low price as a major marketing tactic.

Everyday Low Pricing (EDLP): a strategy of maintaining continuous low prices instead of using short-term price-cutting tactics such as cents-off coupons, rebates, and special sales.

Competitive Pricing: a strategy that tries to reduce the emphasis on price competition by matching other firms' prices and by focusing their own marketing efforts on the product, distribution, and promotional elements of the marketing mix.

Odd Pricing: a pricing method that uses uneven amounts to make prices appear to be less than they really are.

Jason's Notes:

Sales promotion: Forms of promotion such as coupons, product samples, and rebates that support advertising and personal selling

Pricing strategy sets profitable and justifiable prices for the firm's product offerings, sometimes subject to government scrutiny.

Pricing Objectives: Profitability, Volume, Prestige, Meeting Competition

Prestige Pricing:

- Establishing a relatively high price to develop and maintain an image of quality and exclusiveness
- Recognition of the role of price in communicating an overall image for the firm and its products
- Products that are limited in distribution or so popular that they become scarce generate their own prestige

Price-quality relationships:

- Consumers' perception of quality closely tied to price

- High price = prestige and higher quality
- Low price = less prestige and lower quality

Odd pricing: A pricing method that uses uneven amounts to make prices appear to be less than they really are:

Examples: \$1.99; \$9.95

Skimming pricing: A strategy that sets an intentionally high price relative to the prices of competing products.

- Helps marketers set a price that distinguishes a firm's high-end product from those of competitors

Penetration pricing: A strategy that sets a low price as a major marketing tactic

- Often used with new products

Everyday low pricing (EDLP): A strategy of maintaining continuous low prices instead of using short-term price-cutting tactics such as cents-off coupons, rebates, and special sales

- **Discounting pricing** is used to attract customers by dropping prices for a set period of time

Competitive pricing: A strategy that tries to reduce the emphasis on price competition by matching other firms' prices and by focusing their own marketing efforts on the product, distribution, and promotional elements of the marketing mix.

Calculating total costs per unit and then adding markups to cover overhead costs and generate profits

- Totals all costs associated with offering a product in the market, including research and development, production, transportation, and marketing expenses
- Markup is added to cover any unexpected or overlooked expenses and provides a profit.
- Total is the selling price.
- Actual markup used varies by such factors as brand image and type of store.

Types of Costs:

-Fixed Costs:

expenses that do not change as a function of the activity of a business, within the relevant period (e.g., annual fixed costs).

-Variable Costs:

vary depending on a company's production volume (e.g., cost per unit of product produced).

Business: Web Retailer

Fixed Cost: Cost of setting up and maintaining web

Variable Cost: Products purchased from wholesaler to sell through the web site

Contribution (Margin):

- is the selling price per unit minus the variable cost per unit
- It is the contribution per unit to paying of the fixed costs.

Contribution (Margin) = Price - Variable Cost (All in per unit)

Breakeven analysis: The pricing-related technique used to calculate the minimum sales volume a product must generate at a certain price level to cover all costs

Breakeven Point (in units) = (Total Fixed Cost) / (Contribution to fixed cost per units)

Breakeven Point (in dollars) = (Total Fixed Cost) / (1 - Variable cost per units/Price)

Contribution per Unit = Price per unit - Variable Cost per unit

Chapter 15: Accounting Transactions & Financial Analysis

(pg. 418-440)

Accounting:

Process of measuring, interpreting and communicating financial information to support internal and external business decision making

Activities involving accounting:

Financing activities provide necessary funds to start a business and expand it after it begins operating

Investing activities provide valuable assets required to run a business

Operating activities focus on selling goods and services, but they also consider expenses as important elements of sound financial management

Foundation of accounting system:

Generally accepted accounting principles (gaap): Principles that outline the conventions, rules, and procedures for deciding on the acceptable accounting practices at a particular time

Accounting Standards Board (AcSB): organization that interprets and modifies GAAP in Canada

Accounting Cycle:

1. Basic Data
 - Transactions: Receipts, invoices, other documents that justify a firm's spending
2. Processing
 - Record: Transactions are recorded chronologically
 - Classify: records are sorted based on type (cash transaction, etc.)
 - Summarize: All accounts in the ledger are summarized at the end of the accounting period, financial statements prepared
3. Financial statements
 - balance sheet
 - income statement
 - statement of owners equity
 - statement of cash flows

Financial Statement:

Statement of a firm's financial position at a specific point in time

- what the firm owns versus what it owes

Balance sheet components:

- assets: anything of future value owned or controlled by a firm
 - current assets: cash, things that can be easily converted into cash
 - fixed assets: assets expected to last at least a year (equipment, etc)
 - intangible assets: assets expected to last much longer than a year (copyright patents, etc.)
- liability: a claim against the firm's assets
 - current liability: expected to be paid off in one year
 - long term liability: expected to take much longer to pay off (bank loan, mortgage etc.)
- owners equity: the funds that owners invest in the business plus accumulated profits

Balanced accounts and double entry bookkeeping

process used to record accounting transactions, each individual transaction is balanced by another

Assets = Liabilities + Owners' Equity

Income statement

- a financial record of a company's revenues, expenses, profits over a specific period of time
- reports all profit or loss
- focuses on revenues and costs associated with revenues

Statement of changes in equity

a record of the change in equity from the end of one fiscal period to the end of the next fiscal period. begins with the amount of equity shown on the balance sheet, net income is added and cash dividends paid to owners are subtracted

Statement of cash flows

record of the sources and uses of cash in a given period of time

Financial analysis:

1. Ratio analysis

- assess and interpret the relationships among the financial results of a firm
- produces a standardized metric
- early indicator of a firm's financial health
- liquidity ratios: measure a firm's ability to meet its short term obligations, how much it owns vs. how much it owes (current assets) / (current liabilities)
 - acid test ratio: identifies how much cash and cash equivalent assets are available to payoff current liabilities (current assets - inventory) / current liabilities
- efficiency ratios: measure how effectively management uses resources
 - activity ratios: examines how efficient the firm is at operating
 - inventory turn over: how many times inventory is sold or turned over per year
 - cost of goods sold / inventory
 - total asset turn over: sales / average total assets
- profitability ratios: measure the company's overall financial performance by evaluating its ability to generate revenues in excess of operating costs and other expenses
- leverage ratios: measures how much a firm relies on debt financing
 - debt ratio: liabilities/assets
 - long term debt to equity: measure firm's ability to cover long term debt
 - (long term debt)/owner's equity

2. Trend

look a firm's financial trends over a period of time to see whether they're improving or declining

- how are metrics trending with time
- are trends improving or weakening

3. Comparative analysis

compare financial metrics and ratios to firms in the same industry or situation

- what is the industry standard?
- is your firm better or worse than others

Net profit margin:

Identifies the profit produced by one dollar in sales revenues.

net profit margin = (net income) / sales

Return on Equity

Identifies the profit produced by every dollar invested by owners in a firm

Return on equity = (net income) / average equity

Gross profit margin

Identifies the gross profit produced by every dollar of sales

gross profit margin = (gross profit) / sales

Other Textbook Definitions:

Public Accountant: an accountant who provides accounting services to other organizations.

Generally accepted accounting principles (GAAP): the principles that outline the conventions, rules, and procedures for deciding on the acceptable accounting practices at a particular time.

Accounting Standard Board (AcSB): the organization that interprets and modifies GAAP in Canada for private and not-for-profit businesses.

International Financial Reporting Standards (IFRS): the standards and interpretations adopted by the IASB.

International Accounting Standard Board (IASB): the organization that promotes worldwide consistency in financial reporting practices.

Financial Accounting Standard Board (FASB): the organization that interprets and modifies GAAP in the United States

Corruption of Foreign Public Officials Act: a federal law that prohibits Canadian citizens and companies from bribing foreign officials to win or continue businesses.

Accounting Cycle: the set of activities involved in converting information and individual transactions into financial statements.

Assets: anything with future benefits owned or controlled by a firm

Liability: a claim against a firm's assets by creditors.

Owner's Equity: the funds that owners invest in the business plus any profits not paid to owners in the form of cash dividends.

Accounting Equation: the relationship that should reflect a firm's financial position at any time: assets should always equal the sum of liabilities and owners' equity.

Double Entry Bookkeeping: the process used to record accounting transactions; each individual transaction is always balanced by another transaction.

Balance Sheet: a statement of a firm's financial position - what it owns and claims against its assets - at a particular point in time.

Income Statement: a financial record of a company's revenues, expenses, and profits over a specific period of time

Statement of change in equity: a record of the change in equity from the end of one fiscal period to the end of the next fiscal period.

Statement of cash flows: a record of the sources and uses of cash during a period of time.

Accrual Accounting: an accounting method that records revenues and expenses when they occur, not when cash actually changes hands.

Current ratio = $\text{Current assets} / \text{Current Liabilities}$

Acid-test ratio: $(\text{Current assets} - \text{Inventory}) / \text{Current Liabilities}$

Inventory turnover = Cost of goods sold / Average inventory

Receivables turnover = Credit sales / Average accounts receivable

Total assets turnover = Sales / Average total assets

Gross Profit Margin = Gross Profit / Sales

Net Profit Margin = Net Income / Sales

Return on equity = Net income / Average equity