

Lecture 1

Introduction

What is a business?

- All profit seeking activities and enterprise that provide goods and service for clients
- Profits: financial rewards
 - Not-for-profit: goal is to provide public service

What makes a company admired

- Reputation
- Profitability
- Growth
- New product development
- Ethics
- Social responsibility
- Worker satisfaction
- **Benefits society**
 - an organization or a voluntary association formed to provide mutual aid, benefit, for instance insurance for relief from sundry difficulties.

Natural Resources

- Minerals, coal, iron ore, etc.
- Oil & gas
- Timber - pulp & paper
- Wind & water
- Scenic regions - lakes, mountains, coasts, beaches

Capital

Are assets that can be converted to money relatively easily

- Ex: equipment

Labour or Human Resources

- People
 - their labour plus their associated knowledge & skills

Entrepreneurship

- The act of creating & managing a business
 - Creating products and services
 - Organizing a company
 - Managing & motivating people
 - Negotiating

Economic Performance

- Economic Productivity is the value ratio of outputs to inputs.
- Inputs:
 - Resources such as people, raw materials, energy, information, or finance that are put into a system (such as an economy, manufacturing plant, computer system) to obtain a desired output.
 - Inputs are classified under costs in accounting.
- Outputs:
 - Outputs would be the product & services that they produce
 - Outputs are bigger than inputs

Eras in Business:

Colonial Period

- Agricultural & trading are the principle business
- Trading & transportation hubs
- Wealthy - owned land and trading hubs
- Ex: ranches, farms, Chicago trading companies (Sears, Mercantile exchange, etc.)

Key factors

- Resources:
 - land - agriculture
- Labour:
 - unskilled labour
- Entrepreneurship

Industrial Revolution

- Beginning of mass production & specialization begins
- Mechanization invented for transportation, agriculture, and harvesting resources
- Beginning of the transition to full industrial production.
- Labour skills are starting to become specialized
- Industrial period is in its initial development
- These eras start with a “ah-ha” moment.
- Figuring out how to make more money, be more efficient and so on.

Key Factors

- Labour:
 - becoming specialized
- Capital:
 - machinery, plants
- Entrepreneurial :
 - knowledge and creativeness
- Resources:
 - coal

Industrial Entrepreneurs

- Machinery becomes widespread and people begin to innovate new concepts around the principles of engineering.
- Industrial revolution in full motion
- New product and services opportunities begin to stimulate customer demand

Key factors

- Labour - getting to be highly specialized
- Capital - machinery, plants, and mechanization
- Entrepreneurial - Knowledge and creativeness to enter new markets & businesses
- Resources - oils, gas

Production Era

- Large factories are built & mass production
- Specialization of work becomes more intense
- Focus in on internal processes, becoming larger and more productive
- Demand blossoming because of the new products and lower (relative) costs.
- Industrial period is maturing

Key factors

- Labour : highly specialized
- Capital : machinery, plants, and mechanization
- Entrepreneurial : knowledge and creativeness to analyze customers and generate demand
- Resources:

Marketing Era

- Competition has intensified
- Recession (poor economy) - customer demand has tanked
- Marketing, branding, customer orientation becomes important
- Focus on finding and educating the customer on the value of the product or services

Key factors:

- Labour : highly specialized
- Capital : machinery, plants, and mechanization
- Entrepreneurial : knowledge and creativeness to analyze customers and generate demand
- Resources:

Relationship Era

- Transaction management
- Focus is on building long-term relationships with suppliers, buyers, customers, etc.

Key factors:

- Labour : highly specialized
- Capital : machinery, plants, mechanization, and computerization
- Entrepreneurial : knowledge and creativeness to develop new relationships that improve efficiency and effectiveness
- Resources: same as previous

Social Era

Key Business Trends

- Aging population
- Temporary employment / people have many jobs
- New developing economies - globalization
- Technology
 - Communication
 - Knowledge - information, learning, analysing, etc.
 - Competitive impact - new business models

Lecture 2

The Changing Faces of Business

What is a “Manager”?

Qualities of a good manager...

- They are not your best friends
- They get you engaged
- They make you want to become better for yourself and the organization

Good Managers

- Critical thinking
- Vision
- Creativity
- Leadership

McLachlan - Management

- Critical thinking - contracts, etc
- Vision - Understanding that a market focus (women) would be effective
- Creativity - songs, other products
- Leadership

Lecture 3

Forms of Ownerships

What is a small business?

- Less than 100 employees
- Less than 2 million in sales
- Canada has approx 2.7 million self-employed individuals

Contribution of small business to the economy

- Creates new industries
- Encourages innovation
- Account for more than 29% of the GDP
- Creates new jobs (accounts for ⅓ of jobs)

- Real innovations happen in the startup stages of new businesses (most big tech companies started as a small business)

Failing Rate & why

- Approx 4% of small businesses close after one year
- Approx. 15% of small businesses close permanently within three years
- Approx. 30% succeed after 5 years
- Management Inexperience
- Inadequate financing
- Government Regulations
 - Restaurants need 14 certificates in order to run their business

Sole Proprietorship

- Owner has complete control
- Owner is legally liable for business transactions
- Is taxed at owners personal tax rate
- Very easy to form and dissolve

General Partnership

- Partnership is when you have 2 or more owners (one in the same but only part of the proprietorship is you)
- At least one or more owner have the control
- Owners are responsible
- Unlimited personal liability
- Partners share profits and losses
- Taxed at personal tax rate
- You can have a partnership with one general partner and other limited partners (or split evenly)

Limited Partner

- Does not control or manage business
- Shares in profits and losses of business
- Taxed at personal tax rate
- Legally liable for the amount invested but not personal
- Think of senior and junior lawyers. Partners (seniors) have more control over the business and are more reliable whereas junior lawyers don't have any liabilities.)

Corporation

- Legal ownership with a legal charter
- Ownership and management are separate

Where and How businesses incorporate

- Incorporation can be done at the federal or provincial level

- Most small businesses are incorporated in the provinces where they operate, but they may choose to incorporate in any province

Corporate Management

- **Shareholders:** acquire shares in exchange for ownership
 - Preferred shares
 - Common shares
- **Board of directors:** elected by shareholders to oversee corporation
 - Effective Governance
 - Improving board processes
 - Defining governance roles
 - Key board of functions
- One more - see slideshow

Small home-based businesses

Benefits

- Allows for more control of business
- Allows for more control of personal time
- Keep start-up and operating expenses low

Drawback

- Owner can feel isolated
- Business has less visibility to customers (no brand awareness)

Not-for-profit corporation

- No profits allowed and no shares
- Ownership has limited liability
- Exempt from paying income tax (but no profits)
- Often clients don't fully fund operations
- A lot of funds can come from non-owners and often non-customers (donors)

Public Ownership

- Government or near government organization
 - Owned by government
 - Profits are reinvested in firm
 - Government liable for losses
 - Amazon is 50 something owned by Canada Post (controlled by the government)
 - CBC News

Collective Ownership - Cooperative

- An association of persons or firms who voluntarily cooperate for their mutual social, economic, or cultural benefit - they are in effect the owners.
- Condos are cooperative (CCC #41 aka Carleton Condominium Corporation)

Franchising

- A contract-based business arrangement between a supplier of products or services (franchisor), and an independent firm (franchisee) that may produce and market the supplier's goods or services.
- Contracts with how many times you need to clean the washrooms (think of the movie theater)

Benefits

- Prior performance record
- Recognizable company
- Proven business model
- Tested management program
- Savings through volume purchases

Disadvantages

- Franchise fees
- Future payments (royalties)
- **Linked to reputation and management**
- Franchise agreement restrictions

Franchising Sector

- Canada has 76,000 individual franchise businesses operating under 900 different brand names
- These franchises employ more than one million Canadians
- More than \$100 billion in sales each year
- Have a much higher survival rate than other business types

When businesses join forces

Mergers and acquisition (M&A)

- **Mergers:** combination of two or more firms to form one company
- **Acquisition:** agreement in which one firm purchases the property and assumes the obligation of another
- **Joint Venture:** Partnership

Business Plan

- Plan how a business will run
- Market research
- Competitive analysis
- Business model
- Financial projections
- Management team

Lecture 5

Entrepreneurship

Entrepreneurship

A person who seeks a profitable opportunity and takes the necessary risks to set up and operate a business

Three types of Entrepreneur

1. Classic Entrepreneur
 - a. Mark Zuckerberg
2. Serial Entrepreneur
 - a. Steve Jobs
 - b. Terry Mathews
 - i. Started Mitel, Bridgewater Systems, Counterpath, Brookstreet Hotel, etc.
 - c. Goes for opportunity
3. Social Entrepreneurs
 - a. Non-for-profit entrepreneurs
 - b. Drive is to bring social awareness
 - c. Melinda Gates
 - i. Started Bill & Melinda Gates foundation
 - ii. Objective : reduce poverty & increase education

Entrepreneur as a Career Path

- ~23,000 new businesses are launched monthly in Canada
- People become entrepreneurs to:
 - Be your own boss
 - Financial Success
 - Job Security
 - A lot of entrepreneurs have started their business due to being laid off
 - Quality of Life
- People are tired of corporate life, want to make more money, pursuit of a new idea, do something they love, being their own boss
- 63% of small businesses are operated out of the home
 - Majority close within 5 years

Jason Anello

Grow Resources



Grow Market & Customer

Two Basic Requirements Help Success

- | | | | | |
|---|---|--|---|---------------------------------------|
| 1. Resources (capital, people, skills, experiences, etc.) | + | 2. Market Opportunity Identified
(i.e. What products in what market do people need next?) | = | Potential for entrepreneurial success |
|---|---|--|---|---------------------------------------|

Market Opportunity

- Market & Customer

- Identifying the market opportunity
- Understanding competition

Educational Opportunities

- Can Major in Entrepreneurship
- Many schools offer internships with startups
- Exploding information and data require new types of education for new types of careers

Demographic Trends

- Two groups are most likely to start their own businesses
 - Growing cultural (immigrants) groups in North America
 - People between the ages of 55 and 64 (have access to retirement savings/home equity; want to keep working after retirement)

Economic Trends

- Economic trends offers opportunity during expansion as well as contraction

Globalization

- The ability to sell things overseas
- Most of the fastest-growing small Canadian companies have international sales
- Entrepreneurship is growing worldwide; levels vary by country

Entrepreneur Traits

<ul style="list-style-type: none">● Vision● High energy● Need to Achieve● Self Confident & Optimism● Tolerance for Failure● Creativity● Tolerance for Ambiguity<ul style="list-style-type: none">○ Tolerance for uncertainty● Internal Locus of Control<ul style="list-style-type: none">○ Believe they have control of their future	<h4>By Research</h4> <ul style="list-style-type: none">● Leadership● Commitment & determination● Opportunity obsession● Tolerance for risk, ambiguity, and uncertainty● Creativity● Self-reliance
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Lecture 7

Economies

Mixed Economies

- **Mixed market economy:** an economy system that draws from both private enterprise economies and planned economies, to different degrees.

- The mixture of public and private enterprise can vary widely

Value to Society

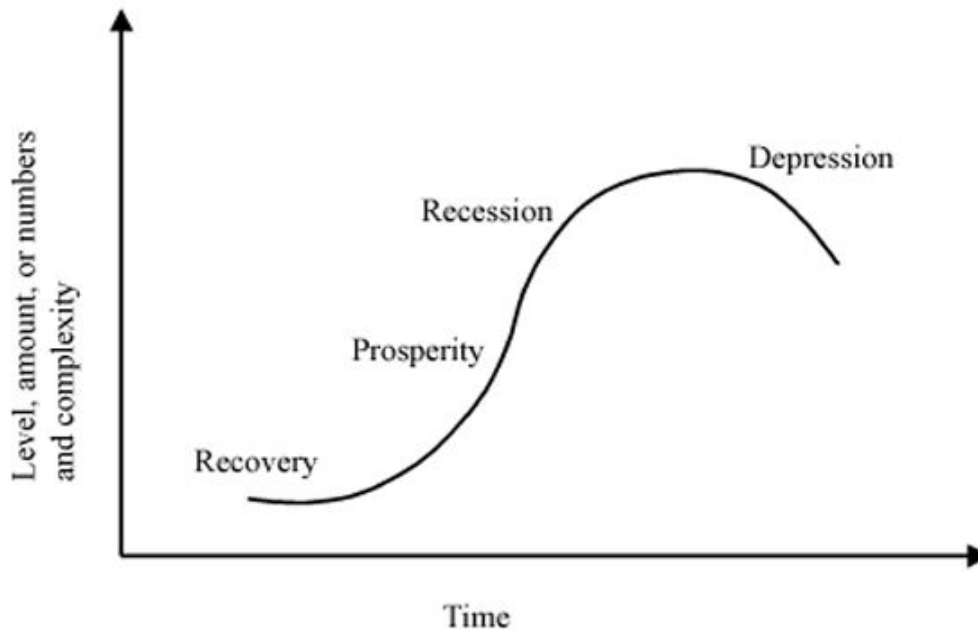
- The value of output - monetary value of all the businesses, products, and services.
- An economic system should provide a stable business environment and sustained growth of benefits for its citizens.
 - Productivity
 - Income
 - Health
 - Happiness

Productivity and the Nation's Gross Domestic Product

- **Gross Domestic Product (GDP)**: The sum (value) of all goods and services produced within a country (or region) during a specific time period, such as a year.
- **Productivity**: The relationship between the number of units produced and the number of human and other production inputs needed to produce them.

Total productivity = output (goods and services produced) / input

Business Prosperity or Economic Cycle



Prosperity: Low unemployment

Recession: a cycle of economic contraction that lasts for 6 months or longer, consumers careful about purchase, businesses slow production/expansion.

Recovery: Declining unemployment, increasing business activity, renewed customer value

Depression: Extended recession

Price Level Changes

- **Inflation**: rising prices caused by a combination of excessive consumer demand and higher costs of raw materials, component parts, human resources, and other factors of production. - issue when it comes to cryptocurrency (bitcoin)
- **Core inflation rate**: the inflation rate after energy prices and food prices are removed.
- **Deflation**: the opposite of inflation, occurs when prices continue to fall
 - Can cause a weakened economy

Measuring Price-Level Changes

- Changing prices are tracked by **Consumer Price Index (CPI)**
- A measurement of the monthly average change in prices of good and services
- Measured based upon commonly purchased goods and services - priced to compile the data included in the CPI.

Employment Levels

- Unemployment rate: the % of total workforce actively seeking work but currently unemployed
- Four types of unemployment:
 - Frictional unemployment
 - Temporarily not working
 - Looking for a job
 - Structural unemployment
 - Not working due to no demand for skills
 - May be retraining for a new job
 - Seasonal unemployment
 - Not working during some months
 - Not looking for a job
 - Cyclical unemployment
 - Not working due to economic slowdown
 - Looking for a job

Managing the Economy

- Government has two options
 - **Monetary policy** - central bank (Bank of Canada)
 - Change interest rates
 - Change amount of money in systems (i.e., printing more money)
 - **Fiscal Policy** - Government (Ministry of Finance)
 - Government purchasing
 - Taxes

Monetary Policy - Central Bank

- A central bank plan to increases or decrease the money supply and to change interest rates to affect bankers' willingness to make loans

- Expansionary monetary policy: a plan to increase the money supply (lower interest & higher money supply)
 - Encourages economic growth - encourage new investments and increases employment
- Restrictive monetary policy: a plan to decrease the money supply (higher interest & lower money supply)
 - To control rising prices, overexpansion, and concerns about overly rapid economic growth

Fiscal Policy - Government

- Fiscal Policy: a plan of government **spending and taxation** decisions designed to control inflation, reduce unemployment, improve general welfare of citizens, and encourage economic growth
- The federal budget is an annual plan for how the government will raise and spend money in the coming year. The primary sources of government funds are taxes, fees, and borrowing.
- When the government spends more than the amount of money it raised, there is a **budget deficit**. We borrow money to cover the deficit, the **national debt** is increased.

Why Nations Trade

Exports: Moving out of the country

Imports: moving foreign goods into the economy purchased by domestic customers

- Expands markets
- Boosts economic growth
- More efficient production systems
- Less reliance on the economies of home nations

Measuring Trade Between Nations

- Balance of trade:
 - The difference between a nation's exports and imports
- Balance of payments:
 - The overall money flows into or out of a country
 - **Balance-of-payment surplus**: More money into a country than out of it
 - **Balance-of-payments deficit**: More money out of a country than into it

Exchange Rates

Currency rates are influenced by:

- Domestic
- Central bank intervention
- Balance-of-payments position
- Speculation over future currency values

Barriers to Trade

1. Social and Cultural Differences
 - a. Language: Potential problems include mistranslation, inappropriate messaging, lack of understanding of local customs, and differences in tastes.
2. Values and religious attitudes
 - b. Infrastructure: the basic systems of a country's communication, transportation, and energy facilities
 - c. Currency Conversion and Shifts: fluctuating values can make pricing in local currencies difficult.
2. Political and Legal barriers
 - a. Political climate
 - i. Stability is a key consideration
 - b. Legal environment
 - i. Canadian law
 - ii. International regulations
 - iii. Country's law in which trade is planned
 - iv. Climate of corruption
 - c. International revenue

Types of Trade Restriction

1. Tariffs
2. Non Tariff barriers

Lecture 8

Economic Machine

Transaction

- Economy is simply the sum of the transaction that make it up
- Each transaction includes a buyer and a seller with goods or services
- The total amount of spending = economy

Market

- Consists of all the buyers and all the sellers
- Total spending + total quantity sold = understanding economy

Credit

- Most important part of the economy and least understood
- Lenders want to make their money into more money and borrowers need \$ for something they can't afford
 - Have to pay back full amount + interest
- Asset to lender, liability to the borrower

Productivity

- Matters more in the long run
- Doesn't fluctuate much

Macroeconomics

Deals with the performance, structure, behaviours

Microeconomics

Studies the behaviour of individual household.

- Ex: What product to purchase?
- What price to pay?

Monopoly

- Hydro One
- OC Transpo
- Canada Post

If there's a monopoly, the gov has to step in otherwise they can charge whatever they want due to the lack of competitions. Governmentally owned, governmentally regulated.

Lecture 9

Ethics

Macro Economies -

- 2 Influencers: Government and Central Bank

Economies

- The social science that studies the behaviour and choices of people, companies and governments in the allocation of resources.

Macro-regional, national, international

- Interest rates, employment rates, interprovincial trades, taxation & infrastructure spending
- Int'l Trade Policy: Who and What

Types of Economies

1. Private enterprise and competition (capitalism)
 - Market competition regulates economy
 - Producers meet needs & demand of consumers and are rewarded with revenue
 - Favours hands-off (laissez-faire) approach
2. Planned economies (government planned economy)
 - Socialism: Government owns & operates major industries
 - Some private ownership
 - Workers choose occupation & unionize

- Incentives only in private firms
- Communism: gov owns all means of production
- Rejection of market capitalism
- Limited workers rights
- 3. Mixed economies (both capitalist & planned)
 - Mixture of private and public carries

Privatization

Move from government operation to private operation

Managers Approaches to Ethics

- Motives
- Goals
- Orientation towards law
- Strategy
 - Immoral Management
 - Amoral Management
 - not involving questions of right or wrong; without moral quality; neither moral nor immoral. 2. having no moral standards, restraints, or principles; unaware of or indifferent to questions of right or wrong: a completely amoral person
 - Moral Management

Business Ethical Dilemmas & Management

- Conflict of Interest
 - Avoiding a situation in which a business decision may be influenced by personal gain
- Whistle-blowing
 - Employee's disclosure of illegal, immoral, or unethical practices in the organization.
- Honest and integrity
 - Telling the truth and adhering to deeply felt ethical principles and integrity in business decision
- Loyalty versus truth
 - Business people expect employees to be loyal, but ethical conflicts may arise if loyalty is valued.

Ethical Leadership

Executives must demonstrate ethical behaviour in their actions.

- Use clear language
- Encourages behaviours

Corporate Social Responsibility (CSR)

An organization and a manager's duty or obligation

Responsibility to General Public

- Public health issues
- Protecting the environment
- Corporate philanthropy

Responsibilities to Employees

- Workplace Safety
 - Legal requirement
 - WSIB
- Quality-of-life issues
 - Balancing work and family flexible work schedules, subsidized child care.
- Ensuring equal opportunity on the job
 - Sexual harassment and sexism

Responsibility to Customers

- Right to be heard
- Right to choose
- Right to be safe
- Right to be informed

Sustainability

The capacity of ecology to endure

Benefits of CSR

- Triple bottom line (social audits) - can help people, planet, profit in the long run
- Human resources
- Risk management
- Value creation
- Brand & reputation
- Can improve supplier and buyer relations

Chapter 7

Management, Leadership, and the Internal Organization

Everything past this point is post midterm

Management

The process of achieving organizational goals through people and other resources.

Top Management

- Chief Executive Officer
- Chief Financial Officer
- Premier, Mayor

Middle Management

- Regional Manager
- Division Head
- Director, Dean

Supervisory

- Supervisor
- Department Chairperson
- Program manager

Planning

The process of looking forward to future events and conditions and deciding on the courses of action for achieving organizational goals.

Organizing

The process of blending human and material resources through a formal structure of tasks and authority: arranging work, dividing tasks among employees, and coordinating them to ensure plans are carried out and goals are met.

Directing

Guiding and motivating employees to accomplish organizational goals

Controlling

the function of assessing an organization's performance against its goals

Tactical Planning

Involves implementing the activities specified by strategic plans. They guide the current and near-term activities required to implement overall strategies.

Operational Planning

Sets the detailed standards that help to carry out tactical plans. This activity involves choosing specific work targets and assigning employees and teams to carry out plans.

Contingency Planning

Planning cannot foresee every possibility. Even the best plans may face major accidents, natural disasters, and rapid economic downturns. This type of planning helps firms to resume operations as quickly and as smoothly as possible after a crisis.

Mission Statement

A written description of an organization's overall business purpose and aims

SWOT Analysis

SWOT is short 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.

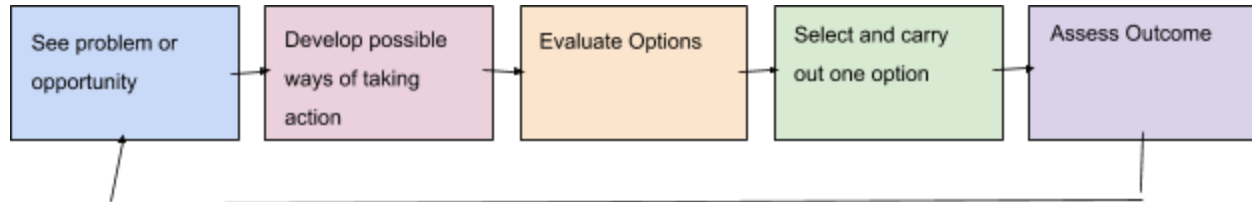
Objectives

Guideposts by which managers define the organization's desired performance in such areas as new-product development, sales, customer service, growth, environmental and social responsibilities, and employee satisfaction.

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.

How Managers Make Decisions



Corporate Culture

An organization's collection of principles, beliefs, and values

Empowerment

Giving employees shared authority, responsibility, and decision making with their managers.

Organization

A structured group of people working together to achieve common goals

Departmentalization

The process of dividing work activities into units within the organization

Delegation

The managerial process of assigning work to employees

Chapter 8

Human Resource Management

Human Resource Management

The function of attracting, developing, and retaining employees who can perform the activities needed to meet organizational objectives.

Performance appraisal

An evaluation of and feedback on an employee's job performance

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

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 of by the company.

Employee separation

A broad term for the loss of an employee for any reason, voluntary or involuntary.

Downsizing

The process of reducing the number of employees with a firm by eliminating jobs

Outsourcing

Using outside vendors to produce goods or fulfill services and functions that were previously handled in-house or in-country

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.

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

Management by objectives (MBO)

The structured approach that helps managers to focus on reachable goals and to achieve the best results based on the organization's resources.

Labour Union

A group of workers who organize themselves to work toward common goals in the areas of wage, hours, and working conditions

Collective bargaining

The process of negotiation between management and union representatives

Chapter 11

Customer-Driven Marketing

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.

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.

Utility

The power of a good or service to satisfy a want or need.

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 of social issue, such as preventing child abuse, anti-littering efforts, and stop-smoking campaigns.

Organization Marketing

Marketing strategy that influences consumers to accept the goals of an organization, or contribute in some way to an organization.

Business-to-Consumer (B2C) Product

A good or service that is purchased by end users.

Business-to-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 goods, services, or ideas toward, using a strategy designed to satisfy this group's specific needs to preferences.

Marketing Mix

A blending of the four elements of marketing strategy - product, distribution, promotion, and pricing - to satisfy chosen customer segments.

Market Research

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

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

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.

Product-related segmentation

Dividing consumer markets into groups that are based on benefits sought by buyers, usage rates, and loyalty levels.

End-use segmentation

A focus marketing strategy that focuses on the precise way a B2B purchaser will use a product

Consumer behaviour

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

Relationship Marketing

Developing and maintaining a long-term, cost-effective exchange relationship with partners

Lifetime Value of a Customer

Best 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

Co-marketing

A cooperative arrangement where two or more businesses jointly market each other's products

Co-branding

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

Chapter 12

Production and Distribution

Production

A bundle of physical services 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 the 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 product and show how they differ from the products of competitors

Trademark

A brand that has been given level 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 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 consumers 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

To 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 to automatically ship new supplied when needed

Chapter 13

Promotion and Pricing Strategies

Promotion

The function of informing, persuading, and influencing a purchase decision

Integrated Market Communications (IMC)

The coordination of all promotional activities - median advertising, direct mail, personal selling, sales promotions, and public relations - to produce a unified customer-focused promotional strategy.

Promotional mix

The combination of personal and nonpersonal selling that marketers use to meet the needs of a firm's target customer 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 a potential buyer.

Non Personal selling

Forms of selling such as advertising, sales, 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

Advertising

Paid nonpersonal communication usually targeted at large numbers of potential buyers

Product advertising

Messages designed 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 that promotes a specific viewpoint on a public issue as a way to influence public opinion and the political process

Sponsorships

Providing funds for a sporting or cultural event in exchange for a direct association with the event.

Infomercials

A form of broadcast direct marketing; 30-minute programs resemble regular TV programs, but sell goods or services

Sales promotion

Forms of promotion such as coupons, product samples, 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

Displaying 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 Selling

An indirect form of selling where the representative promotes goodwill for a company or provides technical or operational assistance to the consumer

Telemarketing

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

Public Relations

An organization's communications and relationships with its various public audiences

Publicity

The nonpersonal stimulation of demand for a good, service, place, idea, event, person, or organization by unpaid placement of information in print or broadcast media

Publishing Strategy

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

Cooperative Advertising

Allowances that marketers provides to share with channel partners the cost of local advertising of their firm's product or product line

Public Strategy

Promotion of a product by generating consumer demand for it, mainly through advertising and sales promotion appeals

Price

The exchange of value of a good or service

Profitability Objectives

Common goals that are included in the strategic plans for 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 price 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 tried 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

Chapter 15

Understanding Accounting and Financial Statements

Accounting

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

Public Accountant

An accountant who provides accounting services to other organizations

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)

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 Standards Board (IASB)

The organization that promotes worldwide consistency in financial reporting practices

Financial Accounting Standards Board (FASB)

The organization that interprets and modifies GAAP in the United States

Corruption of Foreign Public Officials Acts

A federal law that prohibits Canadian citizens and companies from bribing foreign officials to win or continue business

Accounting cycle

The set of activities involved in converting information and individual transactions into financial statements

Asset

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 owner's' 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 changes 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