

## **BUSINESS MANAGEMENT**

## **Business Essentials**

**STRAND 1: Role of Business Management & Economics - Students will understand the role of Business Management and the economic concepts that affect the business decision-making process.**

### **Standard 1**

Students will understand that a country's economy is based on its ability to satisfy its people's wants and needs.

- An economy needs to answer these 3 basic economic questions. pp. 4-7
- What to produce? p. 4
- How to produce goods and services? p. 4
- How to distribute goods and services? Online or Brick & Mortar pp. 5-7
- Compare and contrast between the 3 main economic systems pp. 10-12
  
- Command: an economy in which production, investment, prices, and incomes are determined centrally by a government. p. 10
- Market: an economic system in which production and prices are determined by unrestricted competition between privately owned businesses. pp. 10-11
- Mixed: an economic system combining private and public enterprise. pp. 11-12

### **Standard 2**

Describe the law of supply and the law of demand

- Illustrate the supply and demand curves and define supply and demand pp. 14-16
- Supply: the amount of a good or service offered for sale. p. 14
  
- Demand: the desire of purchasers, consumers, clients, employers, etc., for a particular commodity, service, or other item. p. 14
- Describe the interrelationship between cost and price and profit. pp. 378-379
- Price - Cost = Profit pp. 378-379
- As cost goes up so does price and the opposite is always true p. 379
- Explain how Equilibrium, Surplus & Shortage relate p. 15
- How supply and demand affect price pp. 14-16

### **Standard 3**

Understand basic economic terms that affect businesses' decision-making. Describe how the business satisfies wants and needs in a free market society.

- Understand scarcity: the state of being scarce or in short supply; shortage. pp. 15-16
  
- Understand what opportunity cost is: the loss of potential gain from other alternatives when one alternative is chosen.
  
- Understand the concept of the business life cycle as it correlates with the economy (depression, inflation, recession, expansion) p. 25

### **Standard 4**

Understand economic factors as they apply to international business:

- Balance/Restriction of Trade p. 22
- Imports: bring (goods or services) into a country from abroad for sale. p. 22
- Exports: send (goods or services) to another country for sale. p. 22
- Tariff: a tax or duty to be paid on a particular class of imports or exports. p. 111
- Embargo: an official ban on trade or other commercial activity with a particular country. p. 111
- Sanction: a threatened penalty for disobeying a law or rule.
- Describe the concepts of import and export. p. 22

**STRAND 2: The four functions of management**

Planning and Organizing Functions - Students will be introduced to the four functions of management beginning with the planning and organizing functions.

**Standard 1**

Identify the four functions of management

- Planning - Determining a course of action p. 120
- Organizing - Coordinating activities and resources p. 120
- Leading - Managing, motivating, and directing p. 121
- Controlling - Monitoring and evaluating p. 121

**Standard 2**

Students will plan the most effective course of action for setting an organization's goals and deciding how to achieve them.

- Understand the importance and purpose of a business plan for managerial success and capital resource allocation. pp. 72-73, p. 135

**Standard 3**

Distinguish between strategic (long-term) and operational (short-term) planning.

- Identify examples of strategic planning p. 134
- SWOT analysis: an analysis of internal Strengths, Weaknesses, Opportunities, and Threats p. 134
- PEST analysis: Political, Economic, Socio-Cultural, and Technological
  
- Identify examples of operational planning by explaining how each planning tool is utilized in the business decision-making process: p. 124, p. 128, pp. 183-185
  - Budgets p. 128
  - Calendars & Schedules pp. 183-185
  - Policies & Procedures p. 124, p. 128

**Standard 4**

Identify and explain the business decision-making process:

- DECIDE
  - Define goal p. 299
  - Establish criteria p. 299
  - Choose good options p. 299
  - Identify pros & cons p. 300
  - Decide the most logical option for the situation p. 300
  - Evaluate results p. 300

**Standard 5**

Business Ownership Legal Structure - Compare and contrast business ownership legal structures specifically relating to tax & insurance liabilities, and profit distribution. Provide examples for each basic form of ownership:

- Sole Proprietorship p. 18
- Partnership p. 18
- Corporation p. 18
  - LLC (Limited Liability Corporation) p. 18
  - S-Corporation p. 85
  - C-Corporation
- Identify characteristics, advantages, disadvantages, and examples of a Franchise Agreement. p. 73

**Standard 6**

Differentiate between management structures (centralized and decentralized)

- Identify types of organizational structures and how they are utilized within a business: pp. 155-158
- Line p. 155
- Line and Staff p. 155
- Matrix p. 158
- Team p. 155

**Standard 7**

Describe the importance of a vision statement with broad goals that are (long-term), mission statement, objectives (short-term).

- Vision Statement - Broad, lasting, and inspirational message that communicates the purpose of the business to all stakeholders p. 139
- Mission Statement - Short specific statement which is adaptable to the current purpose and direction p. 131

**STRAND 3: Leading Function - Students will identify and describe how to influence members of the organization to work together effectively.**

**Standard 1**

Identify, compare, and contrast different leadership styles:

- Autocratic: relating to a ruler who has absolute power. p. 264
- Democratic: relating to or supporting democracy or its principles.
- Laissez-faire: attitude of letting things take their own course, without interfering.

**Standard 2**

Identify effective leaders and their leadership qualities in the current business industry.

- Explore effective leadership qualities which include:
  - Honesty (high standards of integrity) p. 265
  - Judgment (consider facts carefully & gather new information) p. 299
  - Objectivity (no bias—look at all sides of a problem)
  - Initiative (ambition and persistence in reaching goals)
  - Dependability (follow through on commitments)
  - Cooperation (work well with others)
  - Courage (able to make unpopular decisions)
  - Confidence (trust own judgment) p. 287
  - Stability (not highly emotional, solve problems and reduce conflicts)
  - Understanding (understand people, encourage others to share opinions) p. 263

**Standard 3**

Compare and contrast management and motivational theories:

- Theory X: people dislike work, have little ambition, and are unwilling to take responsibility p. 270
- Theory Y: people are self-motivated and enjoy the challenge of work. p. 270
- Theory Z: people are highly self-disciplined, yearn to learn from each other, and focus on building cooperative relationships with their peers.
- Herzberg's Theory: Also known as the two-factor theory. job satisfaction is influenced by two separate things: hygiene factors, such as pay and conditions at work, which can make you unhappy with your job, and motivator factors, such as the type of work you do and the respect you get for it, which can make you happy with your job p. 271
- Maslow's Hierarchy of Needs: pp. 270-271

**Standard 4**

Describe techniques managers use to motivate individual employees:

- Goal Setting p. 131
- Job Advancement p. 215
- Cross-training
- Empowerment p. 277
- Self-direction

**STRAND 4: Controlling Function - Students will evaluate organizational activities and determine a plan of action.**

**Standard 1**

Evaluate and determine alternative actions when goals are not being met (changing goals or changing strategies). Review the DECIDE process of the business decision-making process (Strand 2). pp. 299-300

**Standard 2**

Identify the four steps used in the process of controlling operations within a business:

- Set standards p. 121
- Measure performance p. 181
- Analyze performance p. 181
- Take corrective action p. 186

**Standard 3**

Identify the major factors in operations management:

- TQM (total quality management) - a system of management based on the principle that every staff member must be committed to p. 189
- Lean: The main purpose of Lean management is to create value for the customer by optimizing resources. Lean management is a method of managing and organizing work with the aim of improving a company's performance, particularly the quality and profitability of its production processes. p. 187
- Supply chain management: management of the flow of goods and services and includes all processes that transform raw materials into final products. pp. 192-193

**Standard 4**

Explain Human Resource management responsibilities as a means of controlling your business outcomes:

- Recruiting p. 314
- Hiring pp. 307-308
- Training pp. 319-320
- Appraising
- Firing, Terminating, Dismissing p. 312

**STRAND 5: Financial Information - Students will analyze and understand the importance of financial information in the business decision-making process.**

**Standard 1**

Identify and define basic financial terms used in business:

- Asset - something of value that is owned p. 506
- Liability- something of value that is owed to a creditor p. 506
- Owner's Equity - The difference between assets and liabilities p. 507
- Assets - Liabilities = Equity p. 507
- Assets = Liabilities + Equity p. 506
- Revenue - All money coming in from the sale of goods or services p. 510
- Expense - the cost required for something; the money spent on something. p. 511

**Standard 2**

Analyze basic financial statements used in business:

- Income Statement (Assets, Liabilities, Equity) p. 510
  - Balance Sheet (Revenue, Expenses) p. 440
- Cash Flow Statement (Inflows and outflows of cash) p. 512

**Standard 3**

Analyze and interpret data that appear on financial statements used in making management decisions: p. 216, p. 379

- Return on Investment: (Revenue- Cost) / Cost p. 216
- Break Even Point: Total Cost = Total Revenue p. 379

**Standard 4**

Identify and explore sources of financing to start and operate a business.

- Personal Savings (Bootstrapping) p. 74
- Angel Investor p. 485
- Bank Loans p. 74
- SBA Loans p. 75
- Crowdsourcing p. 436
- Venture Capital p. 74

**Standard 5**

Understand compensation and benefits in your ability to manage an effective business and to attract the essential workers to reach your business goals.

- Wage, Salary, and Commission p. 316
- Insurance (disability, long-term, medical, dental) p. 317
- Retirement p. 318
- Vacation p. 317
- PTO (paid time off) p. 317

**STRAND 6: Marketing - Students will understand how marketing affects business decisions.**

**Standard 1**

Identify and understand the four P's of the marketing mix:

- Product - possibly the most important, can be a good, and service. p. 344-345
- Price - the amount of money requested or exchanged for a product, should cover expenses and allow for a profit p. 345
- Place - activities involved in getting a product or service to the end user, may include: shipping, ordering processing, inventory storage, and stocking of goods. Describe that place can be both a physical location or an online site. p. 345
- Promotion - a process of communication with customers and potential customers to inform, persuade, and remind them about pp. 345-346

**Standard 2**

Research markets to determine what the customer values:

- Target Markets and Market Segmentation pp. 348-349
  
- Demographics; Who? (Personal characteristics such as Age, Gender, Income Level, Education Level, Race, and Ethnicity) p. 348
- Geographics/Location; Where? (Segmentation based on where people live such as Natural or Political Boundaries, Climate, Cultural influences, and Customs) p. 348
- Psychographics/Interests; Why? (Involves grouping people with similar lifestyles, as well as shared attitudes, values, and opinions such as Activities, Attitudes, Personality & Values) p. 349
- Behavioral; How? (Looking at the benefits desired by consumers such as shopping patterns, usage rate, benefits--and not just the physical characteristics of a product) p. 349

**STRAND 7: Ethics, Social Responsibility, and Legal Regulations - Students will understand and identify ethics, social responsibility, and legal aspects that regulate business.**

**Standard 1**

Explain the overall nature of corporate social responsibility

- Philanthropy p. 54
- Human Rights p. 261
- Environmental Impact and Sustainability p. 45

**Standard 2**

Understand the purpose of a business code of ethics a set of moral principles that govern behavior in a company. pp. 35-38

**Standard 3**

Describe how employee rights affect the workplace:

- Child Labor p. 315
- Drug Testing pp. 248-249
- Right-to-privacy p. 312
- Sexual Harassment p. 55
- Whistle Blowing pp. 517-518

Understand the purpose of a business code of conduct.

**Standard 4**

Identify and describe government agencies that regulate business:

- OSHA (Occupational Safety and Health Administration) p. 312
- EEOC (Equal Employment Opportunity Commission) p. 310
- FTC (Federal Trade Commission) p. 45
- FDA (Food and Drug Administration) p. 45
- HIPAA (Health Insurance Portability and Accountability Act)
- FERPA (Family Educational Rights and Privacy Act)
- FLSA (Fair Labor Standards Act) p. 311
- ADA (Americans with Disabilities Act) p. 311