

## Business 200 D100: Business Fundamentals



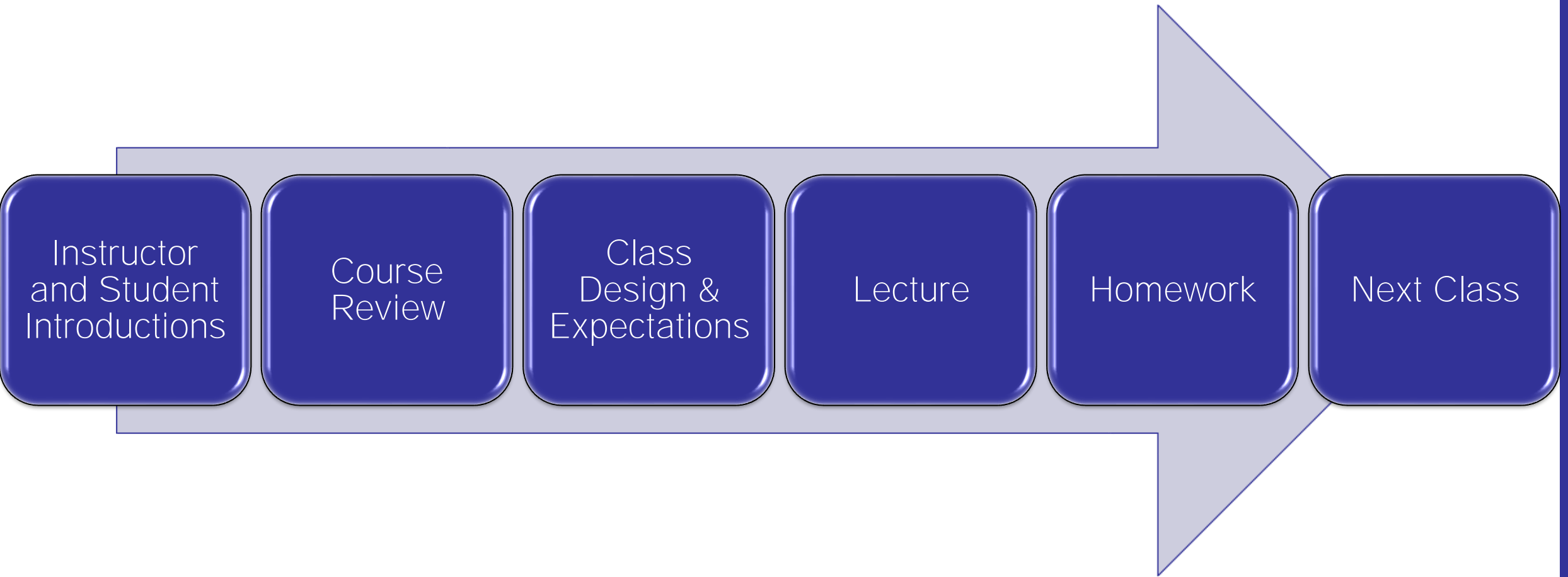
Week 1

Beedie School of Business



Dr. Wayne Rawcliffe

# Agenda



# Overview of the course

# Course Overview

## Overall Objectives

- 1) Explore the fundamentals of modern business and organizational management
- 2) Build upon the basics of:
  - revenue,
  - profits,
  - contribution and costs, as well as
- 3) integrate advanced aspects of:
  - business models,
  - innovation,
  - competitive advantage,
  - core competence and
  - strategic analysis

# Course Overview

## Objectives:

- Obtain “**fundamental business knowledge**”;
- Obtain understanding of the foundational concepts of organizations;
- Formulate and communicate ideas in a clear, concise, compelling and evidenced-based manner;
- Contribute collaboratively and effectively to complete a team project; and
- Understand the elements of business strategy and strategic analysis.

## Class Experience

- Cases and lectures
- Activities, exercise, application orientation
- Participatory, challenging, thought provoking, and supportive

# Assignments and Grading

Canvas Quizzes (based on textbook)	8%
Individual Assignment	10%
In-class assignments	12%
Group Project	15%
Midterm Examination	25%
Final Examination	30%
	100%

**Note:** Use standard word processing software for assignments

No handwritten assignments other than in-class assignments

# Course Overview

## Grading Rules SFU Student Calendar

Letter Grade	Numerical Equivalent	Definition
A+	4.33	Excellent Performance
A	4.00	
A-	3.67	
B+	3.33	Good Performance
B	3.00	
B-	2.67	
C+	2.33	Satisfactory Performance
C	2.00	
C-	1.67	Marginal Performance
D	1.00	
F	0.00	Fail. Unsatisfactory Performance
FD	0.00	Fail. Academic Discipline
N	0.00	did not write final exam or otherwise complete course

- Every student is expected to maintain an acceptable scholarship standard (min. 2.00 CGPA)
- **SFU Beedie** uses ‘curving’ of grades

<http://www.sfu.ca/students/calendar/2016/fall/fees-and-regulations/grading-policy/grading-systems-and-policies.html#standard-grade>



# Course Topics

Week 1: Understanding the Canadian Business System

Week 2: Environment of Business

Week 3: Conducting Business Ethically and Responsibly

Week 4: Entrepreneurship and introduction to business model canvas BMC

Week 5: Global Context of Business

Week 6: Midterm Exam

Week 7: Managing the Enterprise

Week 8: Motivating, Satisfying, and Leading Employees

Week 9: Managing Operations and Information

Week 10: Understanding Marketing Principles and Developing Products

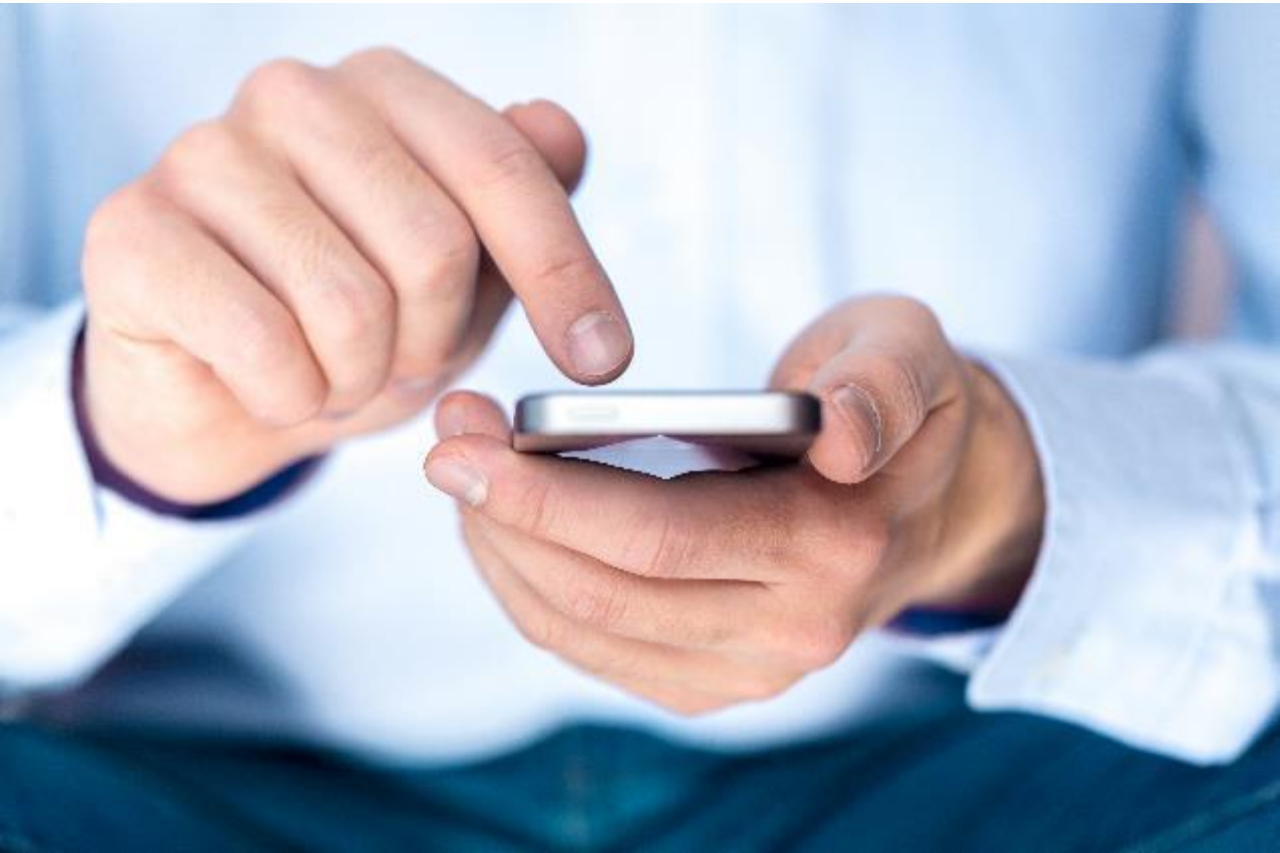
Week 11: Pricing, Promoting, and Distributing Products

Week 12: Money and Banking

Week 13: Financial Decisions and Risk Management (Debt/Equity; Risk), Review and Summary

# Expectations

Phones on silent and away!



Laptops “*lid down*” for discussion



# Regular Timely Attendance

- Be on-time
- Be ready to start at the stated class time
- Stay for the whole lecture
  - We will cover material that is not in the slides or textbook
- Attend all the lectures

# Academic Honesty

ZERO tolerance for dishonesty.

- Representing as your own, work done in whole or in part by another person
- Failure to take reasonable measures to protect your answers during an examination and assignments.
- Use of books, notes or electronic aids not approved during a closed book exam
- **Using, or attempting to use, other students'** answers and work in assignments, projects or examinations.
- Representing as your own, work done in whole or in part by another person (Plagiarism)

## SFU's standards

<https://www.sfu.ca/students/academicintegrity/resources/academichonestyguide.>

# Academic Honesty

AVOIDING PLAGIARISM, such as

- Misrepresenting someone else's work as your own:
- Copying sentences or paragraphs without properly citing the source
- Paraphrasing or summarizing information from a source without proper acknowledgement
- Re-writing a section but not making it sufficiently different from the original (even if cited appropriately)

**It is your responsibility as a student to ensure that you have appropriately acknowledged all the resources you have consulted and used in your paper.**

<http://www.lib.sfu.ca/help/academic-integrity/plagiarism>

## Examples of Plagiarism

- Copying another student's paper or an article from a journal or website
- Buying an essay from a term-paper mill
- Quoting material without proper use of quotation marks (even if otherwise cited appropriately)
- Using specific facts without proper attribution (other than information that qualifies as 'common knowledge')
- Using art, graphs, illustrations, maps, statistics, photographs, etc. without complete and proper citation
- Translating a work from one language to another without complete and proper citation

# Assignments

## USING EVIDENCE TO PROVE YOUR POINT

- Facts & Figures
- Examples
- Narratives
- Testimony
- Definition

## STANDARD WRITING CONVENTIONS:

- Grammar, typos, sentence structure, paragraphs
- We will grade these too, in addition to content

# Assignments

Professional format

Assignments are due by the stated due date

Late assignments will lose 25% each day or portion of day they are late, until the third day when a zero (0) will be assigned

NO extensions, NO make-up work, unless there are exceptional circumstances that have been discussed and agree to prior to the assignment due date





## Effort and Contribution

Be successful and try to put your best work forward

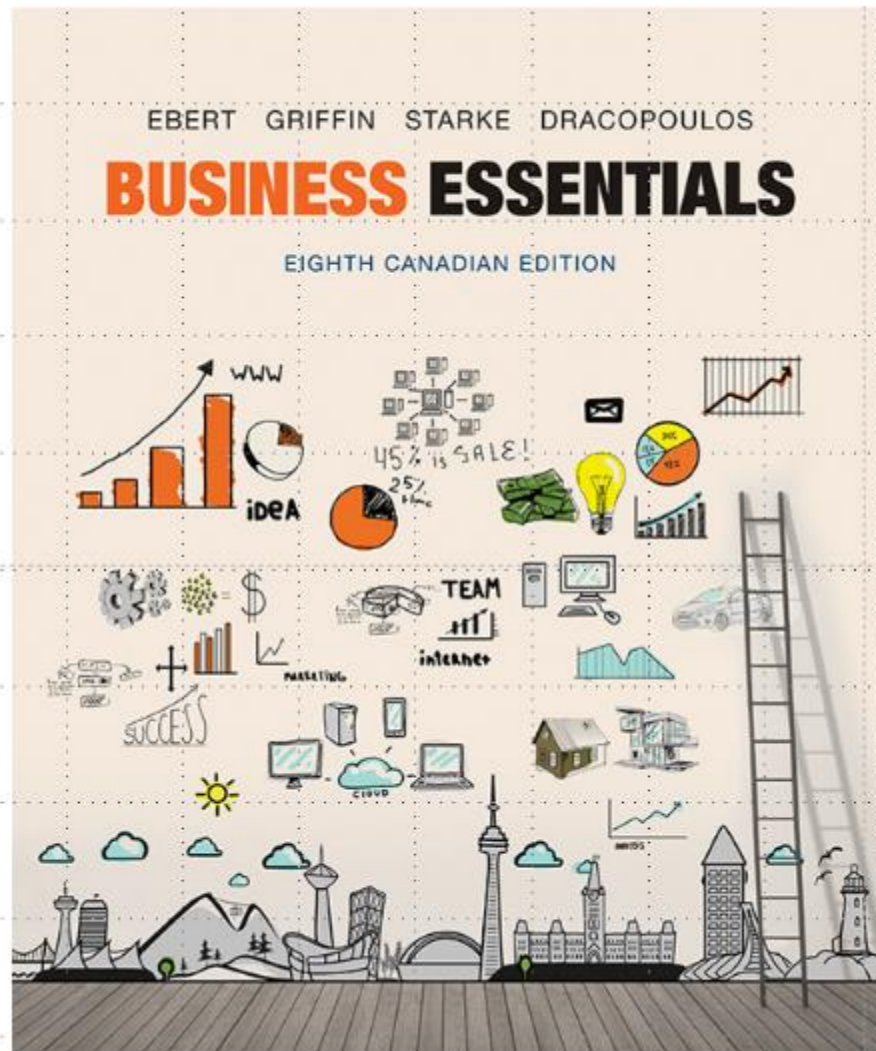
Carry your weight in groups

- You will assess your team experience in the project report
- Each group member is responsible for the quality of the deliverable

What is marked on assignments

- We will mark what you wrote and submitted
- We cannot mark what you *intended* to write

# Learning Resources



## BEST OF HBR

1993

It was Daniel Goleman who first brought the term "emotional intelligence" to a wide audience with his 1993 book of that name, and it was Goleman who first applied the concept to business with his 1998 HBR article, reprinted here. In his research at nearly 200 large, global companies, Goleman found that while the qualities traditionally associated with leadership—such as intelligence, toughness, determination, and vision—are required for success, they are insufficient. Truly effective leaders are also distinguished by a high degree of **emotional intelligence, which includes self-awareness, self-regulation, motivation, empathy, and social skills.**

These qualities may sound "soft" and unbusinesslike, but Goleman found direct ties between emotional intelligence and measurable business results. While emotional intelligence's relevance to business has continued to spark debate, over the past six years, Goleman's article remains the definitive reference on the subject, with a description of each component of emotional intelligence and a detailed discussion of how to recognize it in potential leaders, how and why it connects to performance, and how it can be learned.

## What Makes a Leader?

by Daniel Goleman

IQ and technical skills are important, but emotional intelligence is the sine qua non of leadership.

EVERY BUSINESSPERSON knows a story about a highly intelligent, highly skilled executive who was promoted into a leadership position only to fail at the job. And they also know a story about someone with solid—but not extraordinary—intellectual abilities and technical skills who was promoted into a similar position and then soared.

Such anecdotes support the widespread belief that identifying individuals with the "right stuff" to be leaders is more art than science. After all, the personal styles of superb leaders vary: Some leaders are reserved and analytical; others shout their mandates from the mountaintops. And just as important, different situations call for different types of leadership. Most mergers

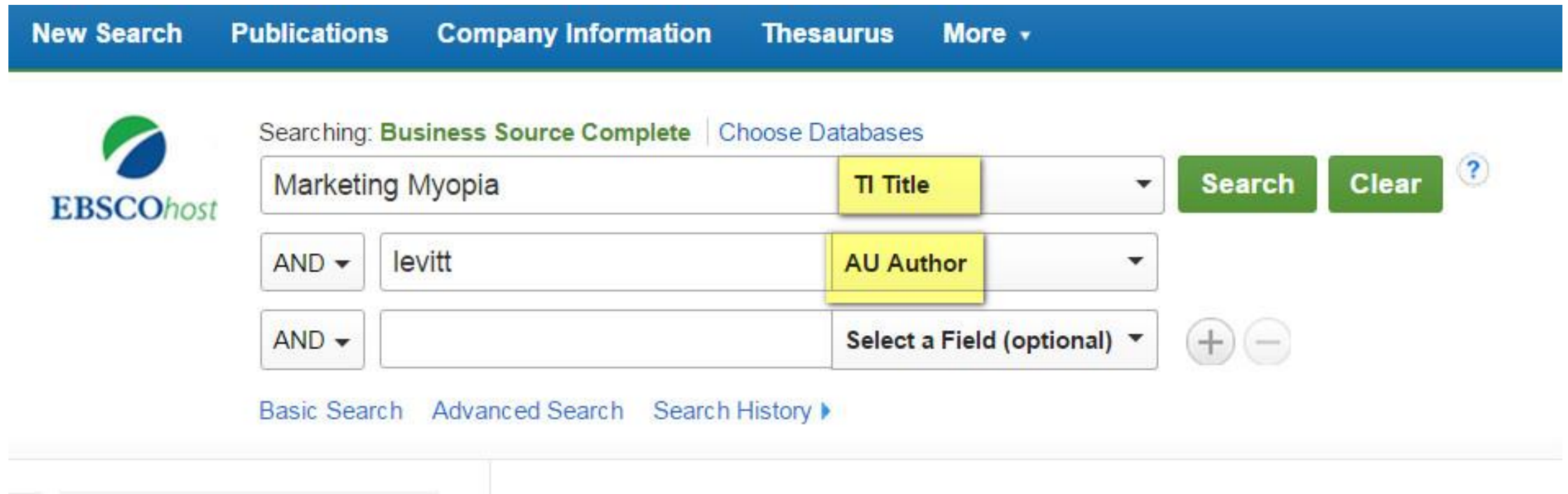
need a sensitive negotiator at the helm, whereas many turnarounds require a forceful authority.

I have found, however, that the most effective leaders are alike in one crucial way: **They all have a high degree of what has come to be known as emotional intelligence.** It's not that IQ and technical skills are irrelevant. They do matter, but mainly as "threshold capabilities"; that is, they are the entry-level requirements for executive positions. But my research, along with other recent studies, clearly shows that emotional intelligence is the sine qua non of leadership. Without it, a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader.

# HBR Articles and Resources

To find articles – here is a link and a screen shot

<http://cufts2.lib.sfu.ca/CRDB4/BVAS/resource/5781>



The screenshot displays the EBSCOhost search interface. At the top, a blue navigation bar contains links for 'New Search', 'Publications', 'Company Information', 'Thesaurus', and 'More'. Below this, the EBSCOhost logo is on the left. The main search area shows 'Searching: Business Source Complete' with a 'Choose Databases' link. The search query is 'Marketing Myopia' in the first field, with 'TI Title' selected from the dropdown menu. The second field contains 'levitt' with 'AU Author' selected. A third field is empty with 'Select a Field (optional)' selected. To the right of the search fields are 'Search' and 'Clear' buttons, and a help icon. Below the search fields, there are links for 'Basic Search', 'Advanced Search', and 'Search History'. At the bottom, there are two empty input fields.

## Resources

To find news paper articles - <http://www.lib.sfu.ca/help/research-assistance/subject/business/bus201>

The New York Times

THE  TIMES

THE GLOBE AND MAIL





## CHAPTER 1

# Understanding the Canadian Business System

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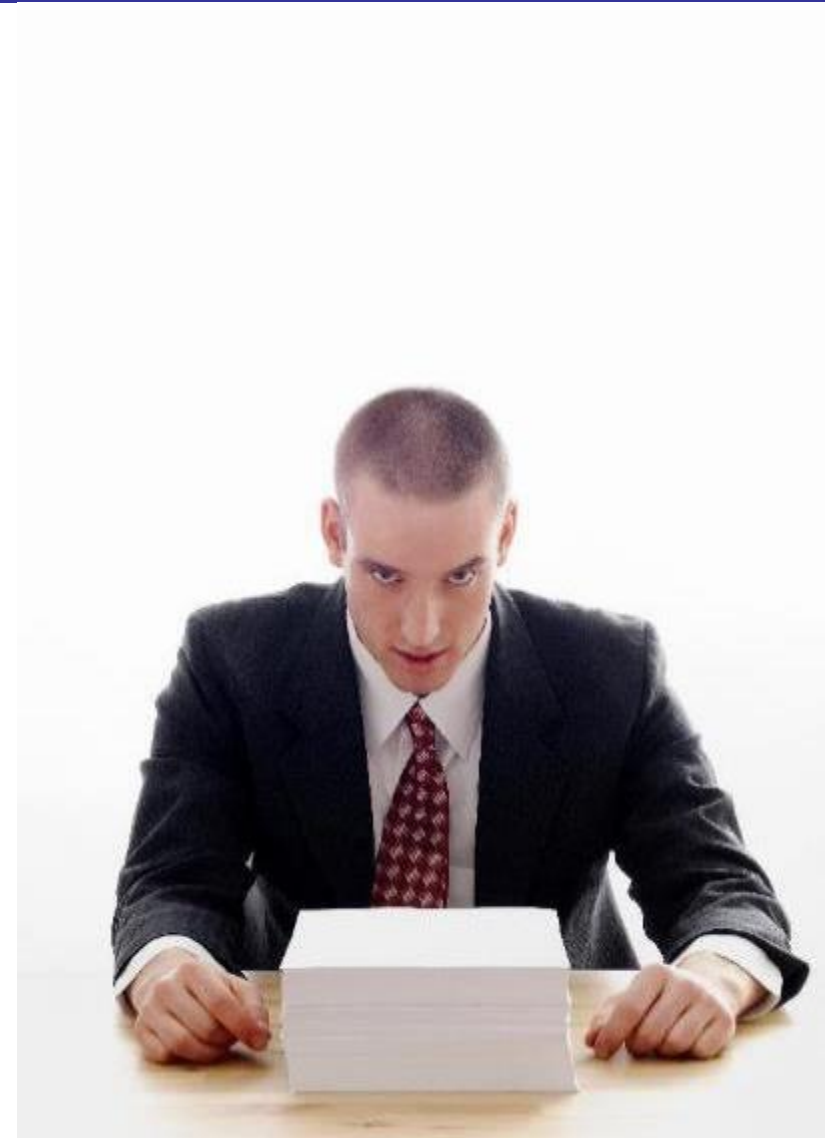
## Understanding the Canadian Business System

- Factors of Production
- Economic Systems
- Supply and Demand
- Competition



# Learning Objectives

- Define the nature of Canadian *business* and identify its main goals.
- Describe different types of global *economic systems*, according to the means by which they control the *factors of production* through *input* and *output markets*.
- Describe the interactions between business and government in Canada.
- Show how *demand and supply* affect resource distribution in Canada.
- Identify the elements of *private enterprise* and explain the various *degrees of competition* in the Canadian system.



Corporate strategy

Brand strategy

Business / Government relations

International competition

Mergers

Marketing Strategy

**Other...**



# WHAT IS BUSINESS?

Employment  
Community Leadership  
Taxes: Civic, Provincial, Federal  
Charitable Causes

# Businesses that do not make a profit

## Not for Profit

- Provide goods and services but do not seek profit
  - Schools, hospitals, labour unions, government agencies

## Social venture

- Charities, foundations

# Business & Profit

Making \$1 M in PROFIT is a lot harder.

What is profit?

Profit

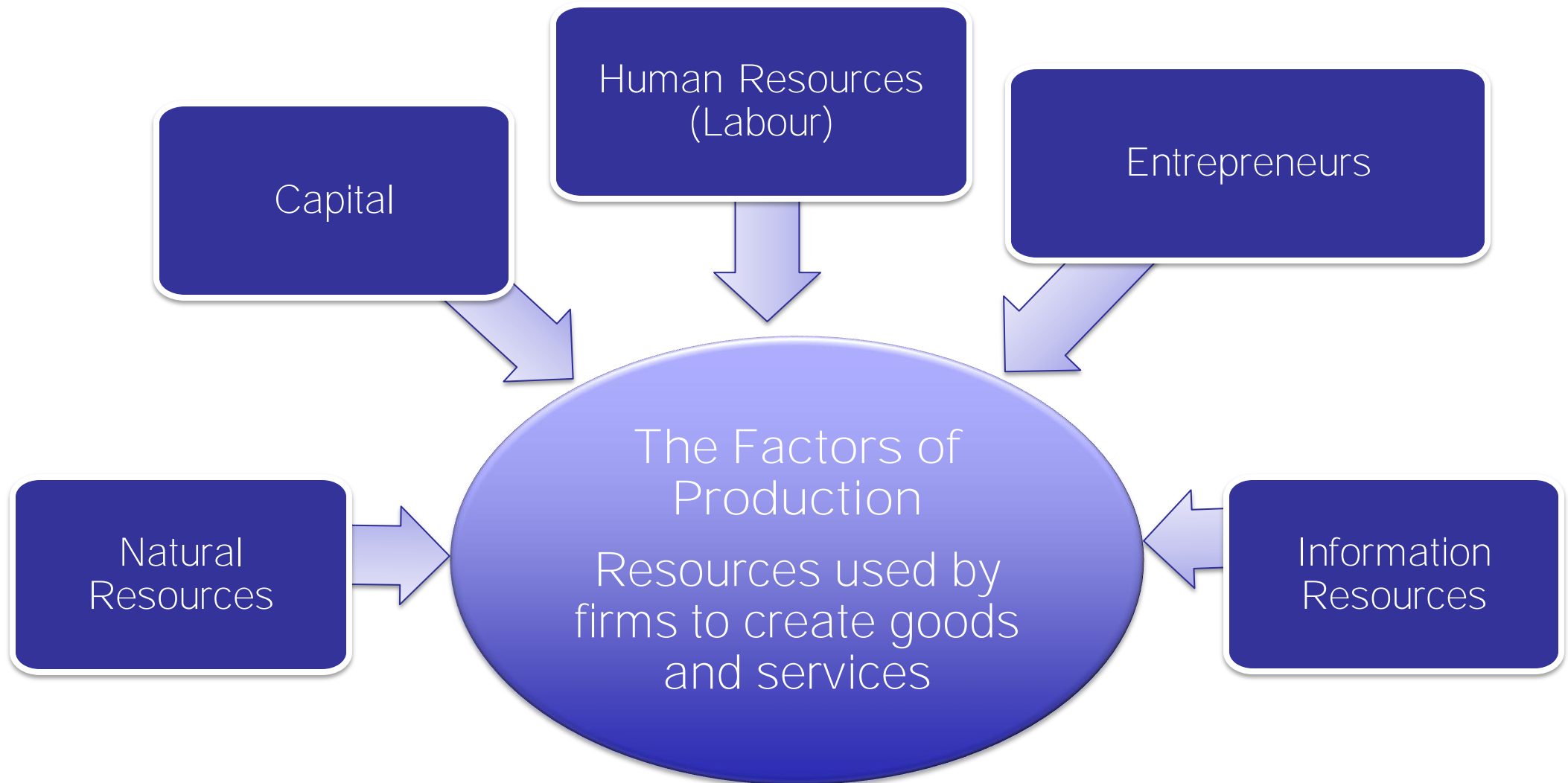
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Revenues

-

Expenses

# Economic Systems Around the World (LO 1-2)



# Economic Systems Around the World (LO 1-2)

**Market  
Economies**

**Command  
Economies**



# Economic Systems: Command Economies

## Communism

- Government owns and operates all industries
- Government makes resource distribution decisions

## Socialism

- Government owns and operates critical industries (utilities and major institutions)
- Individuals own non-critical businesses

# Economic Systems: Market Economies

Economic basis is ***supply and demand***

Political basis is ***capitalism***

Ownership of the factors of production is open

Buyers **and** sellers have ***freedom of choice***

The ***market*** is the mechanism for the exchange of goods and services



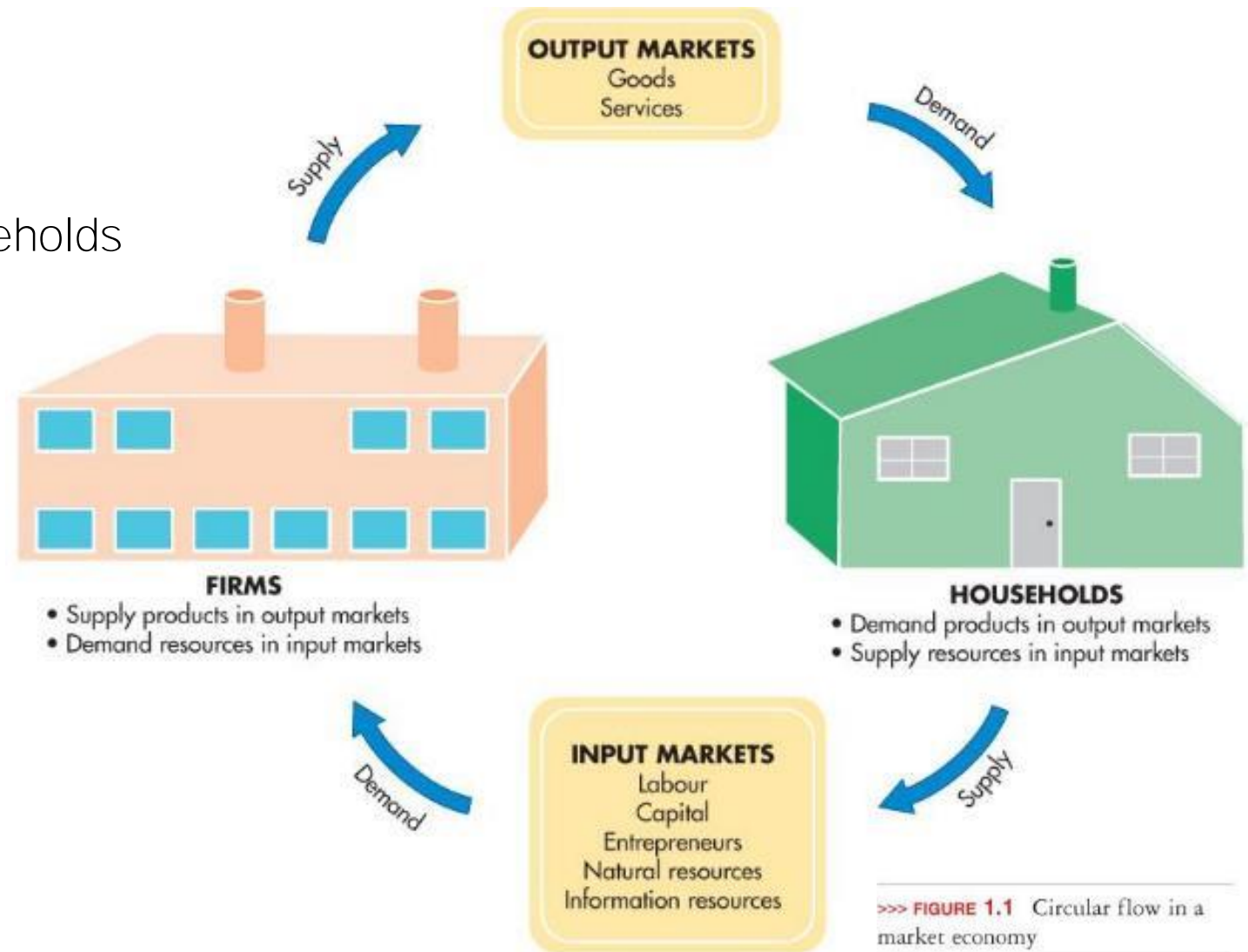
# Economic Systems Around the World (LO 1-2)

## Input market

- firms buy resources from households

## Output market

- households buy goods & services from firms



## Capitalism

- Encourages *entrepreneurship* and the *private ownership* of the *factors of production*
- Encourages *profit making* as an incentive
- Operates under the concept of *supply* and *demand*

# Economic Systems: Mixed Market Economies

- Combination of both command and market economies
- No country has a pure communist, socialist, or capitalist system

## Privatization

- Converting government firms into privately owned companies
- Examples: Air Canada, Canadian National Railway

## Nationalization

- The conversion of private firms into government-owned firms
- Examples: Transportation Security Administration (US),

## Deregulation

- Reducing laws and government intervention

Which aspects of the Canadian economic system are controlled by government?

Give examples.

# Interactions Between Business and Government (LO 1-3)

Customer

Regulator

Competitor

Taxation Agent

Essential Services

Incentives

**\$235.5 Billion**  
**annually**

Customer

Regulator

Competitor

What are examples of levels of government regulation and/or deregulation.

What is the impact on Canada's market economy?

Taxation Agent

Essential Services

Incentives

# Government as Regulator

Regulates through administrative boards, tribunals, and commissions

Promotes healthy competition between businesses

Protects consumers

Achieves social goals

Protects the environment



^^ Hazardous products must have warning labels to protect consumers who use them.

Branko Miodovic/Getty Images



# Government as Taxation Agent

Revenue Tax

Progressive  
Revenue Tax

Regressive  
Revenue Tax

Restrictive Tax

# Government as Taxation Agent

Revenue Tax

Progressive  
Revenue Tax

Regressive  
Revenue Tax

Restrictive Tax

What is progressive and regressive tax and why the difference?

Shouldn't all Canadians pay the same tax?

Is liquor and tobacco taxes regressive or progressive?

# Government as Provider of Incentives

Provides Aid &  
Financial Assistance

Provides Incentives  
to stimulate growth  
(revenues and employment)

# Government as Provider of Incentives

Provides Aid  
& Financial  
Assistance

Provides  
Incentives to  
stimulate  
growth (revenues  
and employment)

In pairs develop arguments **FOR**  
government incentive programs  
and arguments **AGAINST**  
government incentive programs

# Government as Provider of Essential Services

highways

postal  
service

money

military

education

health  
services

sewer and  
sanitation

emergency  
services

# Government as Provider of Essential Services

highways

postal  
service

military

education

sewer and  
sanitation

emergency  
services

health  
services

money

In groups of **4** develop an arguments **FOR** selecting which government services should be privatized and why.

# Canadian Market Economy

# Supply and Demand

## Demand

Willingness and ability of buyers to purchase a product or service

## Supply

Willingness and ability of producers to offer a good or service



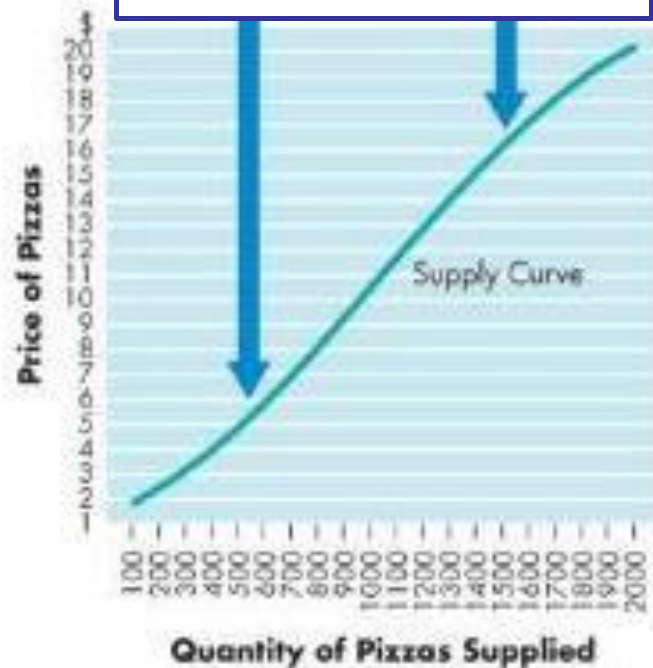
# The Canadian Market Economy (LO 1-4)

DEMAND AND SUPPLY SCHEDULES		
Price	Quantity of Pizzas Demanded	Quantity of Pizzas Supplied
\$2	2000	100
\$4	1900	400
\$6	1800	600
\$8	1700	800
\$10	1600	1000
\$12	1500	1200
\$14	1400	1300
\$16	1300	1600
\$18	1200	1800
\$20	1100	2000



# The Canadian Market Economy (LO 1-4)

When the price of pizza is low, more people are willing to buy pizza. Pizza makers, do not have the money to invest in making pizzas and so they make fewer. Supply, is limited and ...



**Only when the price goes up will pizza makers be willing and able to increase “supply”.**





# The Canadian Market Economy (LO 1-4)



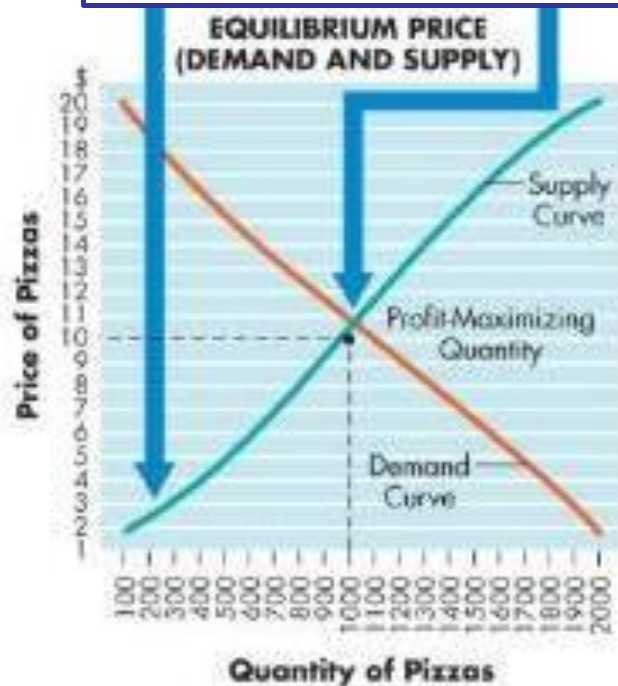
At the **lower** price, more people “demand” pizza.



# The Canadian Market Economy (LO 1-4)

When the pizza makers increase supply in order to satisfy demand, there will be a point at which the price that suppliers can charge is the same as the price that the maximum number of customers is willing to pay.

That point is the market price, or **equilibrium price**.



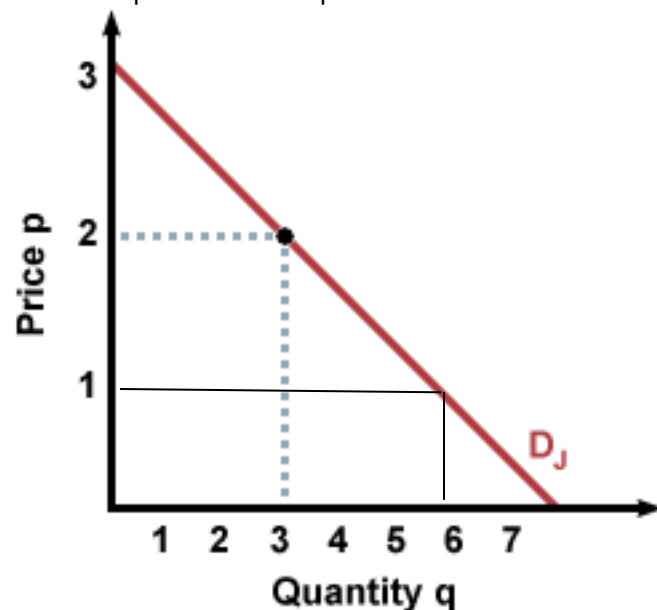
# Demand Law

How many Starbucks coffees would you buy if a cup costs \$4?

\$10?

\$1?

**Law of Demand:** The principle that buyers will purchase (read: demand) more of a product as the price drops.



At price  $p_2$ , demand is 3 coffees

At the lower price  $p_1$ , demand is 6 coffees

**Q:**What is the demand at price of \$1.50?

**A:** 5 coffees

# Supply Law

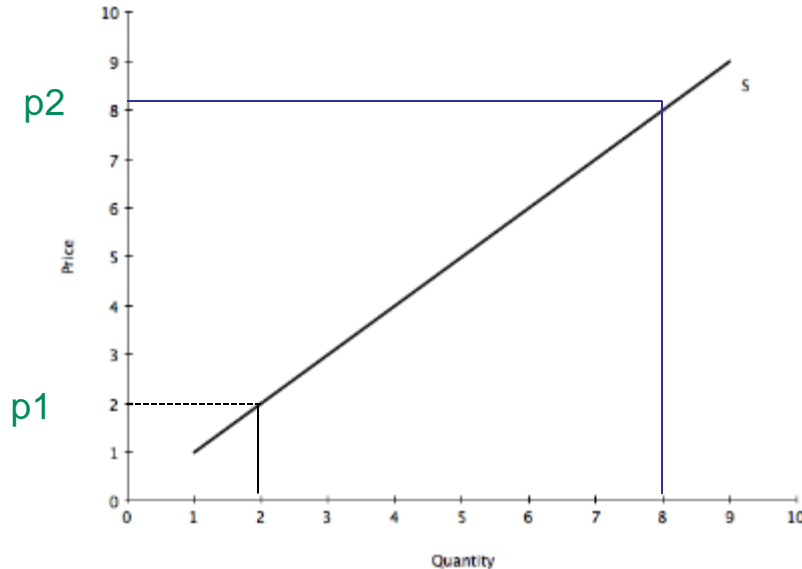
How many Starbucks coffees would Starbucks offer if they can sell one cup for \$2?

\$8?

\$1?

## Law of Supply

Principle that firms will offer (*supply*) more of a product as the price increases.



At price p2, supply is 8 coffees

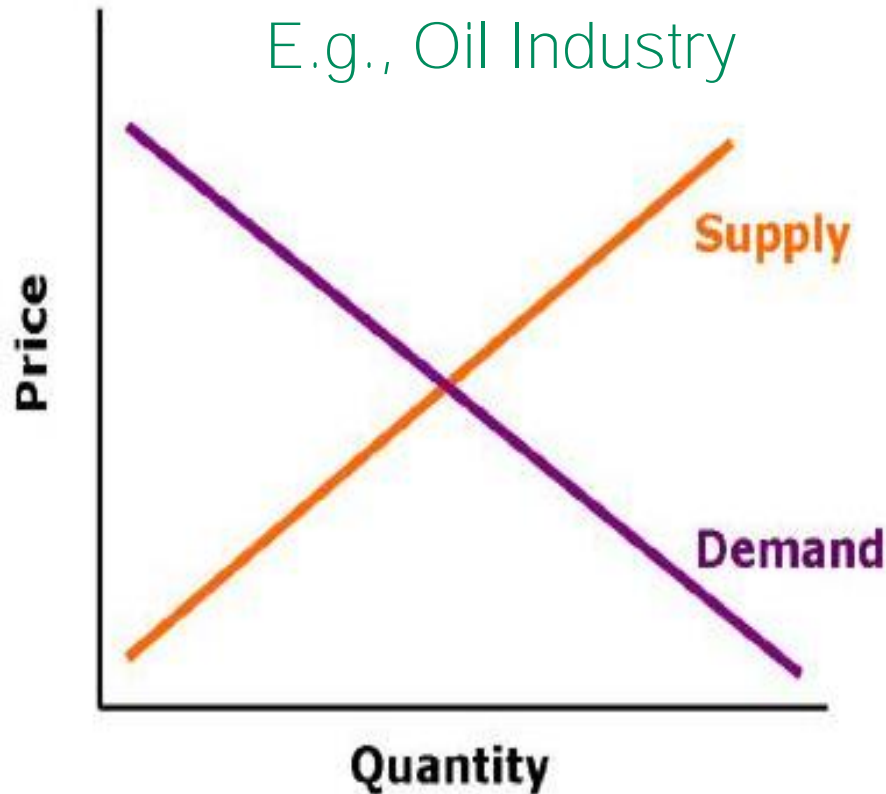
At the lower price p1, supply is only 2 coffees

# Supply and Demand Curve

The higher the price – the lower the demand – affordable?

The lower the price – the lower the supply – profitable?

E.g., Oil Industry



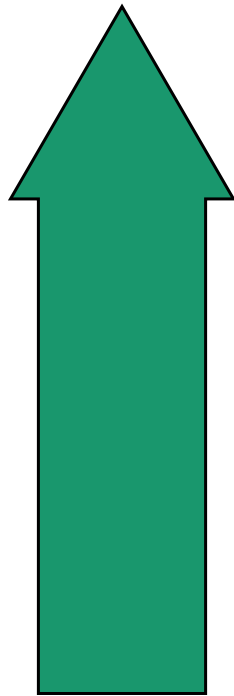
How to determine the Market Price?

Profit maximizing price at which quantity of goods demanded is equal to the quantity of goods supplied.



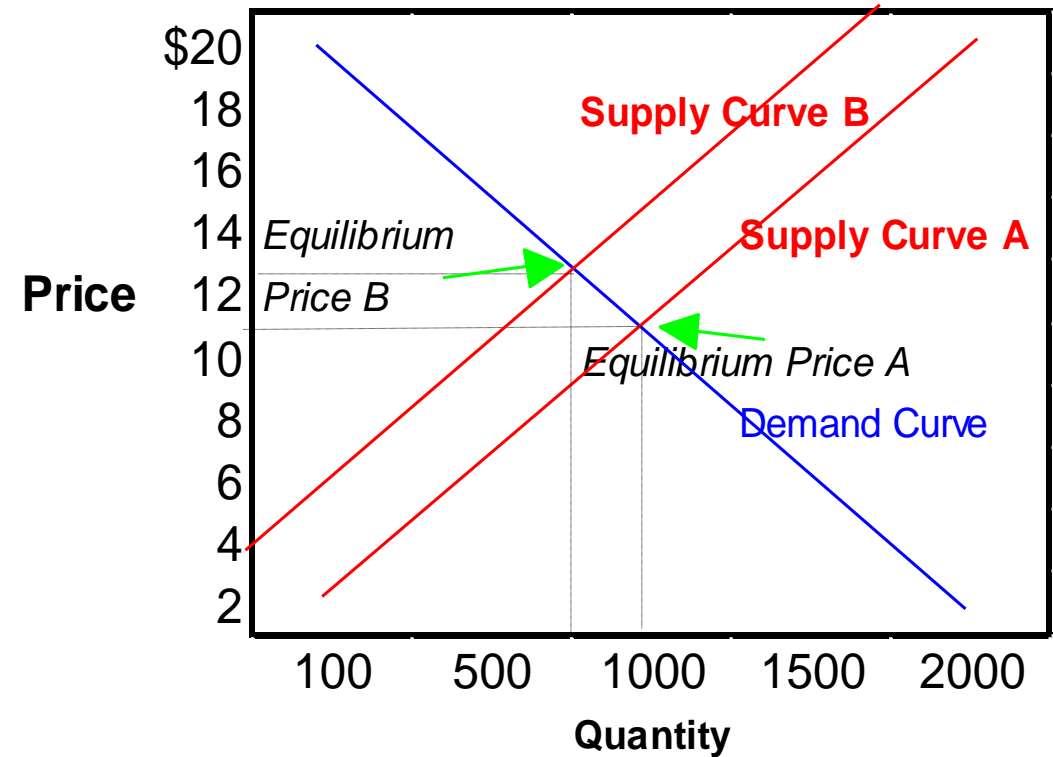
# Supply and Demand (LO 1-3)

A shortage drives prices up



## Dealing with a Shortage

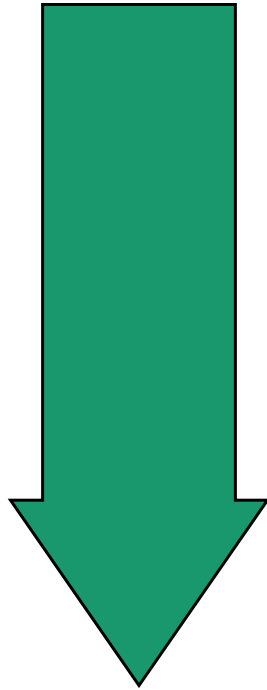
Effects of a Shortage on Price



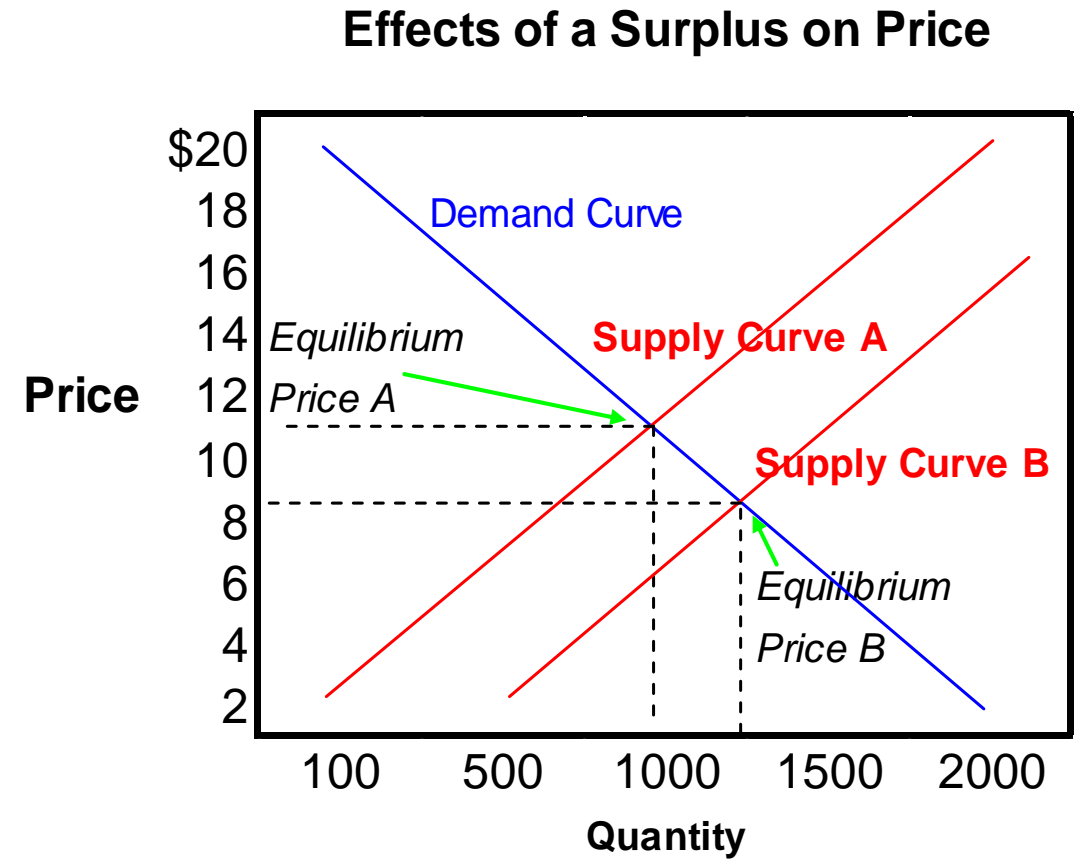


# Supply and Demand (LO 1-3)

A surplus drives prices down



## Dealing with a Surplus



# COMPETITION

# Private Enterprise and Competition (LO 1-5)

Private enterprise occurs in a market economy with little government restriction

Under this system individuals

- can own property
- have freedom of choice
- have the freedom to earn profits
- have freedom to compete

## Competition

- occurs when businesses vie for the same resources or customers in a particular market or industry.
- motivates business to operate efficiently
- forces business to make products better or cheaper

# Degrees of Competition

Perfect Competition

Monopolistic Competition

Oligopoly

Monopoly

What are these different degrees of competition?

# Perfect Competition

## Many Sellers:

- Product is basically identical
- Relatively easy to enter the industry
- Individual firms have no control over price

# Monopolistic Competition

## Few to many sellers

- Product is seen as unique by some buyers (not all)
- Differentiated brands have some (minor) control over pricing



^^ Consumers often buy products under conditions of monopolistic competition. For example, there are few differences between various brands of toothpaste, cold tablets, detergents, canned goods, and soft drinks.

Danr13/Fotolia

# Private Enterprise and Competition (LO 1-5)

## Oligopoly

- a few large suppliers dominate
- high barriers to entry
- products are seen as similar
- prices gravitate toward a common “**market price**”

## Monopoly

- one producer and source of supply
- unique product
- complete control over price
- no competitors



## Contact Information

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Office Hours: Friday 12:30-2:30PM

# Homework

Read Chapter 2

Take the academic integrity quiz