



Introduction to

BUSINESS

Session 1: DEVELOPING A BUSINESS MINDSET



BA 291

INTRODUCTION TO BUSINESS

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Learning Objectives

- 1.1** Explain the concept of adding value in a business, and identify four useful ways to categorize businesses.
- 1.2** List three steps you can take to help make the leap from consumer to business professional.
- 1.3** Discuss the five major environments in which every business operates.
- 1.4** Explain the purpose of the six major functional areas in a business enterprise.

Understanding What Businesses Do

Business

- Any profit-seeking organization that provides goods and services designed to satisfy the customers' needs.



Farmhouse

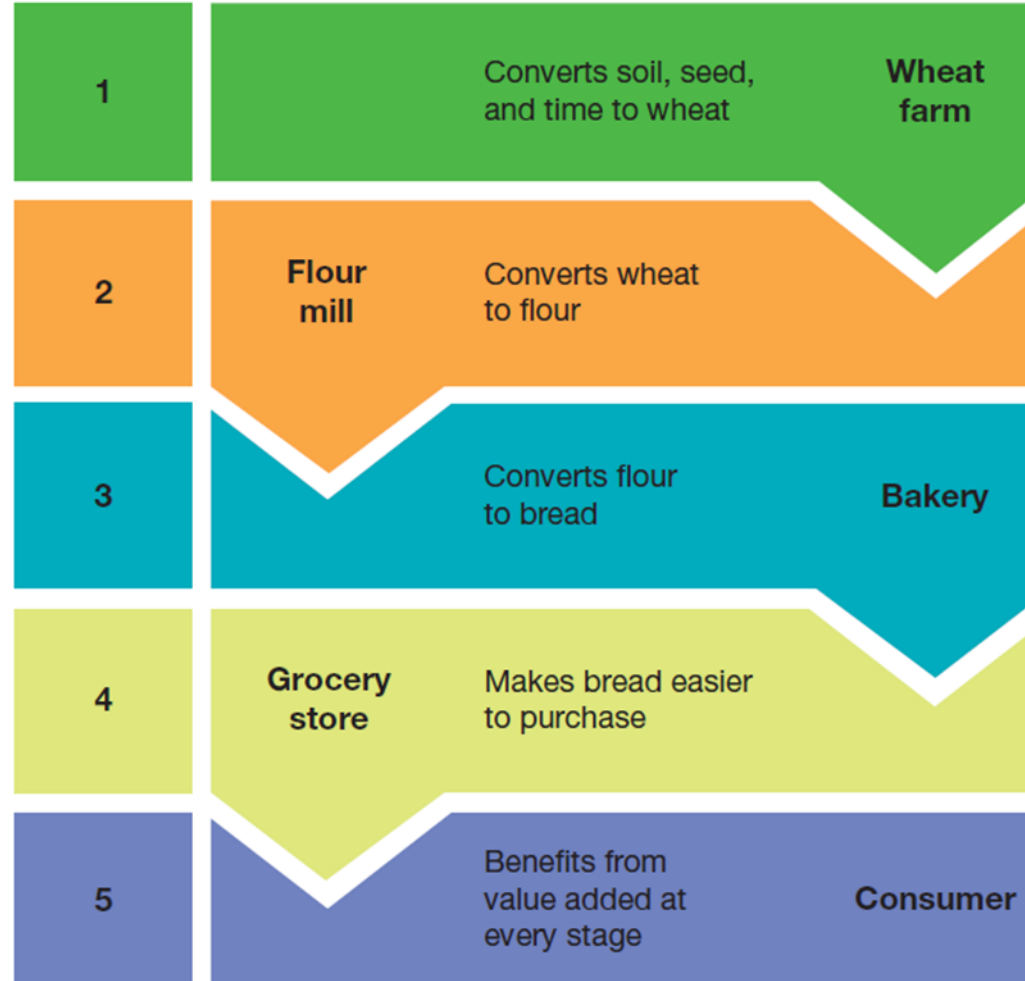
Royal Group



โตมใหม่
พรีเมียม
กว่าเดิม

*ทุกช่องทางจำหน่าย

Exhibit 1.1 Adding Value to Satisfy Customers



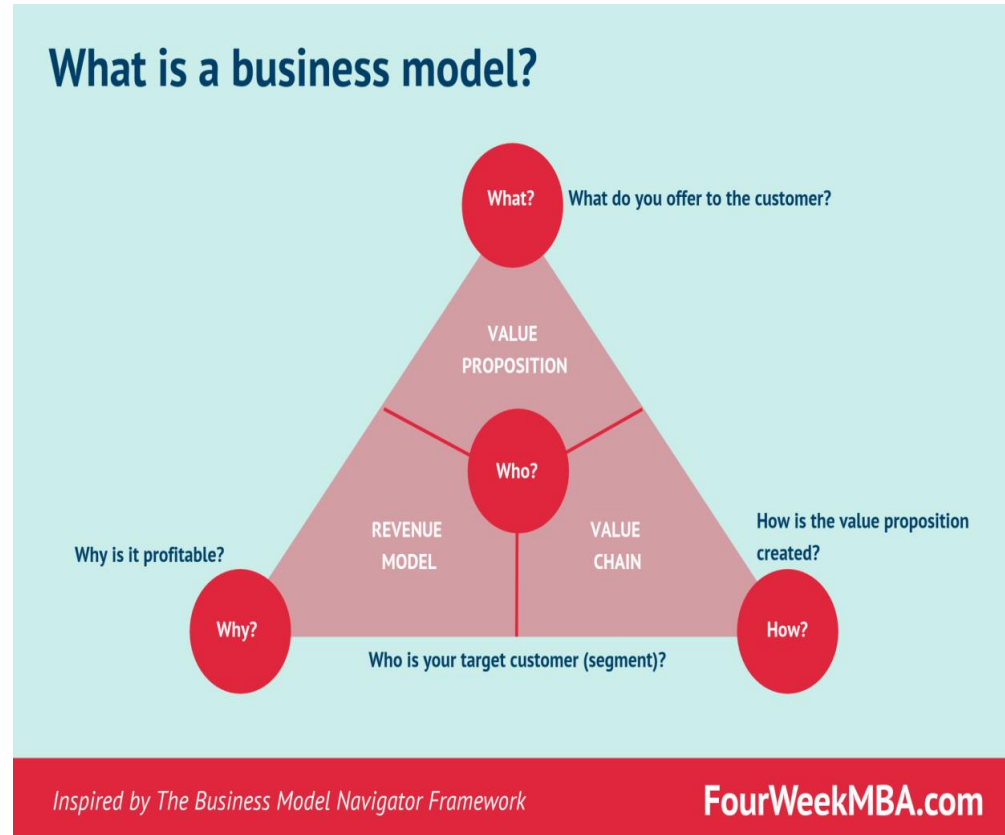
Adding Value: The Business of Business (1 of 2)

Revenue

- Money that a company brings in through the sale of goods and services.

Business model

- A concise description of how a business intends to generate revenue.

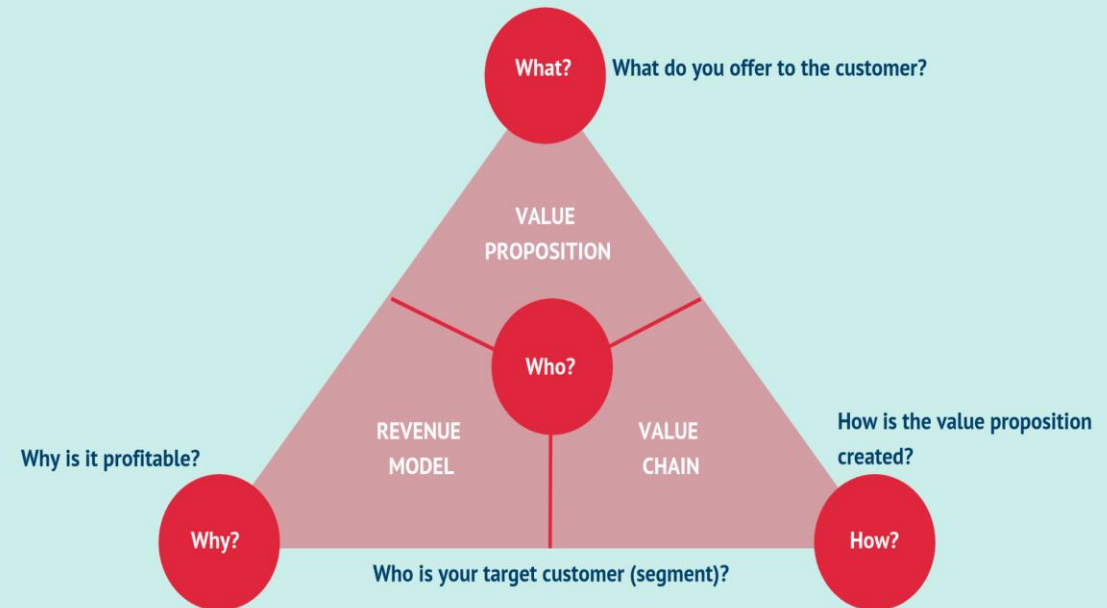


Adding Value: The Business of Business (2 of 2)

Profit

- Money left over after all the costs involved in doing business have been deducted from the revenue.

What is a business model?



Inspired by The Business Model Navigator Framework

FourWeekMBA.com

Competing to Attract and Satisfy Customers

Competitive advantage

- Some aspects of a product or company that make it more appealing to its target customers.



HOW DOES IKEA
MAKE MONEY?



IKEA's Competitive Advantages

- Low-cost
 - low-cost materials like ply wood and metal in their products instead of materials like cast iron and expensive hardwoods like other furniture products
 - The in-house design of their furniture lines creates opportunity to save money by not having to pay large design commissions to designers that are out of their freelance network.
- Strategic sourcing
 - established strong relationships with their producers and suppliers that provide them with long run parts and comply with IKEA's standards for quality
 - IKEA considers their producers key stakeholders in their business and provide new technology that allows them to optimize their investments.

Competing to Attract and Satisfy Customers

APPLE'S SUSTAINABLE COMPETITIVE ADVANTAGE

STRATECHI ©



Identifying Major Types of Businesses (1 of 2)



Not-for-profit organizations

- Organizations that provide goods and services without having a profit motive; these are also called not-for-profit organizations.
- **Difference:** Nonprofits are formed explicitly to benefit the public good; not-for-profits exist to fulfill an owner's organizational objectives. Nonprofits can have a separate legal entity; not-for-profits cannot have a separate legal entity
- **Similar** to a nonprofit, a not-for-profit organization (NFPO) is one that does not earn profit for its owners. All money earned through pursuing business activities or through donations goes right back into running the organization.



American Red Cross



OXFAM
America



St. Jude Children's
Research Hospital

ALSAC • Danny Thomas, Founder

Finding cures. Saving children.



Donors Choose.org
Teachers ask. You choose.



BOYS & GIRLS CLUBS
OF AMERICA



WWF



The Nature
Conservancy 
Protecting nature. Preserving life.®

malaria
NO MORE



LEUKEMIA &
LYMPHOMA
SOCIETY®



THE OFFICIAL SPONSOR
OF BIRTHDAYS.®

girls
inc.®

Identifying Major Types of Businesses (2 of 2)

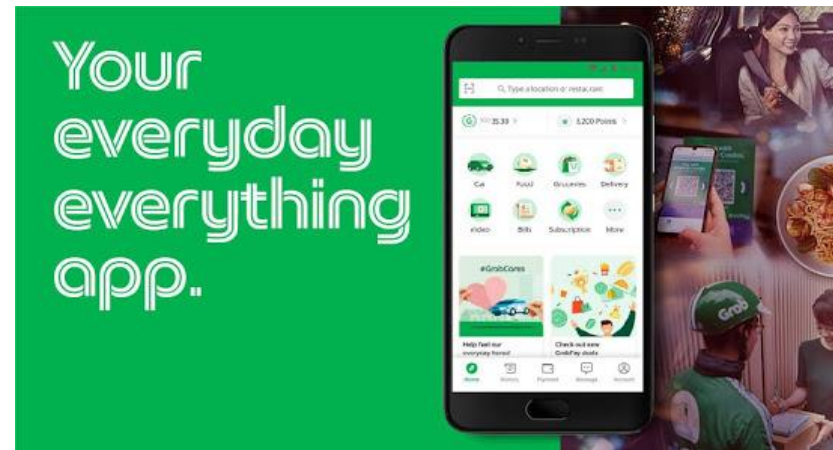
Goods-producing businesses

- Companies that create value by making “things,” most of which are tangible.



Service businesses

- Companies that create value by performing activities that deliver some benefit to customers.



FMCG: Fast Moving Consumer Goods

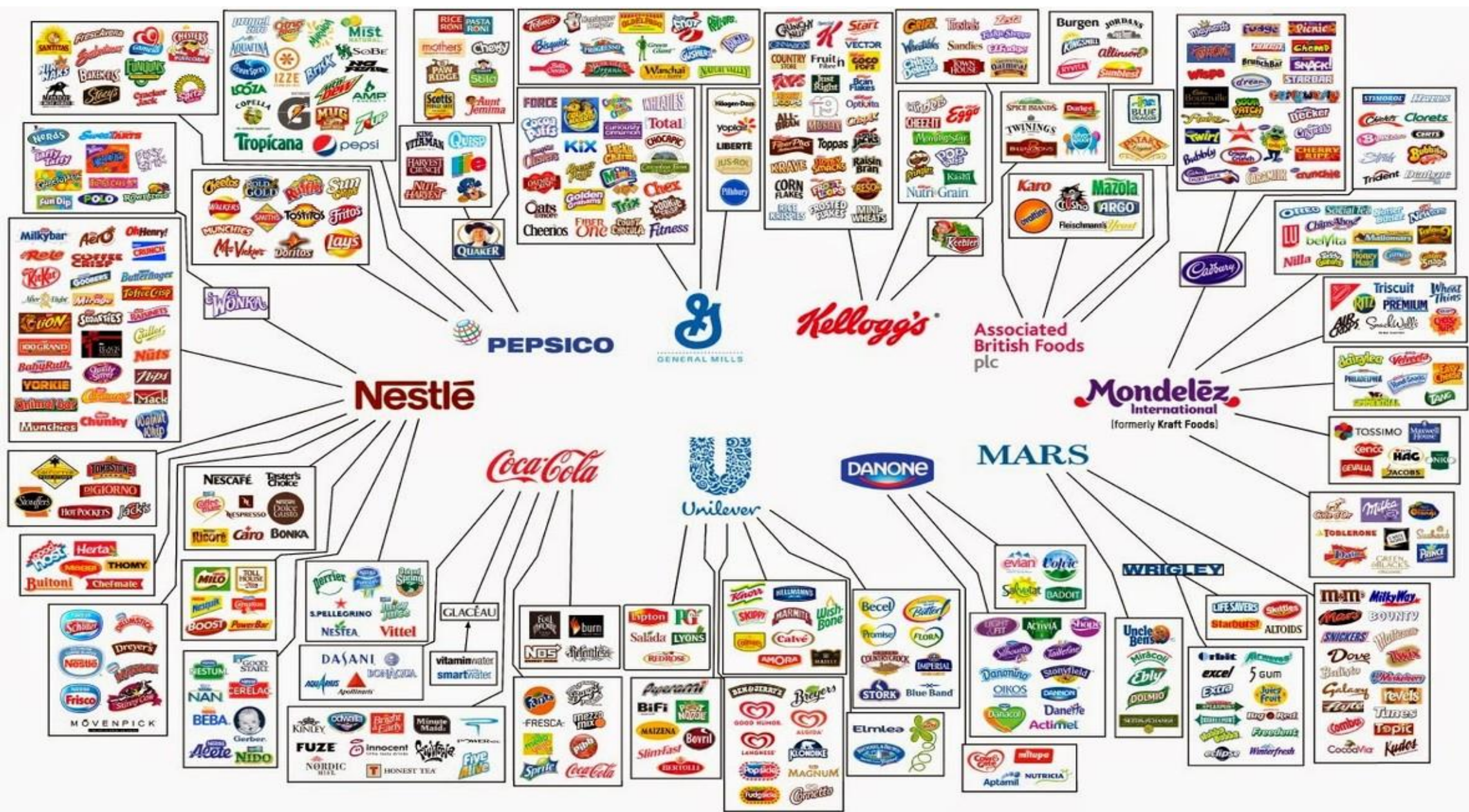
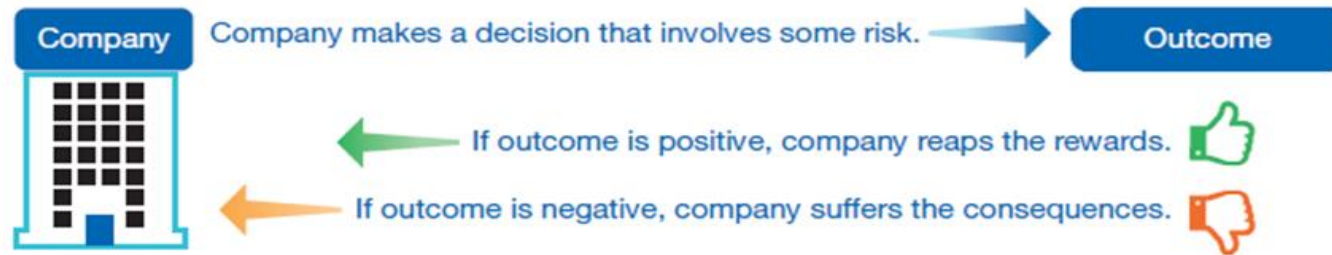


Exhibit 1.2 Risk, Reward, and Moral Hazard (1 of 3)

Healthy connection between risk and reward



Moral hazard: Link between risk and reward is broken



Exhibit 1.2 Risk, Reward, and Moral Hazard (2 of 3)

- Goods-producing businesses are often capital-intensive businesses.



Exhibit 1.2 Risk, Reward, and Moral Hazard (2 of 3)

- Service businesses tend to be labor-intensive businesses.

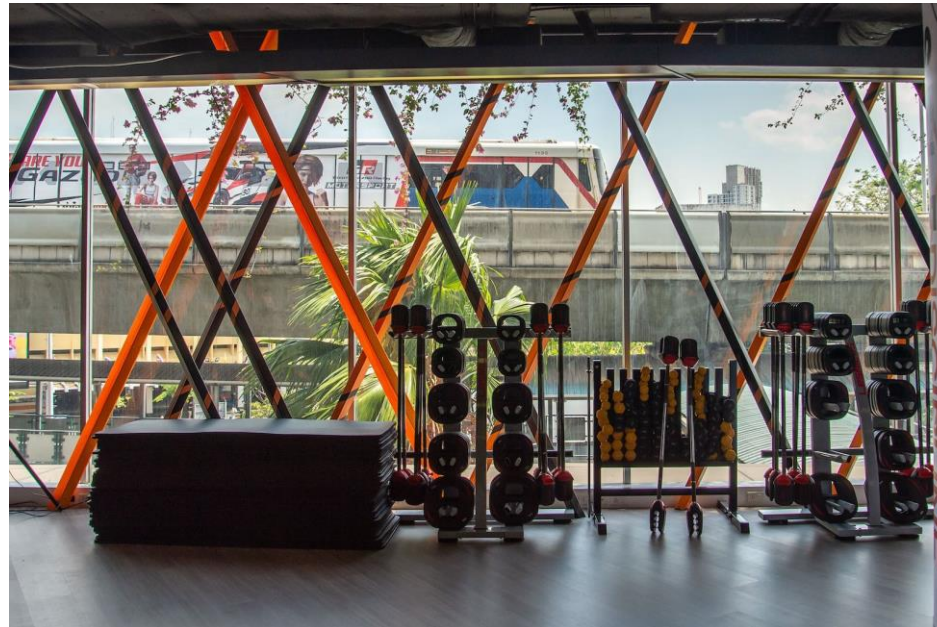


Exhibit 1.2 Risk, Reward, and Moral Hazard (3 of 3)

Barrier to entry

- Any resource or capability a company must have before it can start competing in a given market.



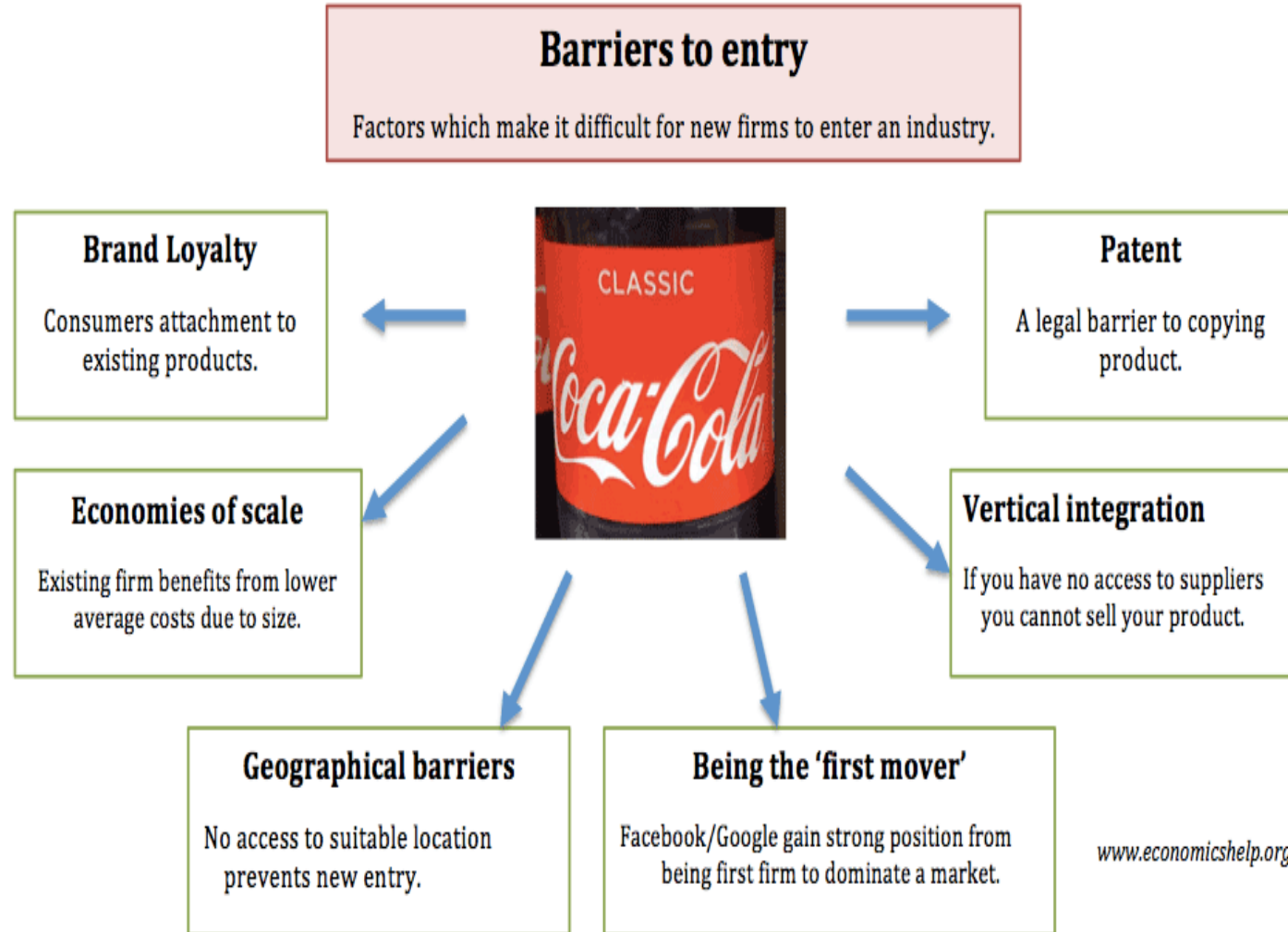
Exhibit 1.2 Risk, Reward, and Moral Hazard (3 of 3)

- Barrier to entry



Exhibit 1.2 Risk, Reward, and Moral Hazard (3 of 3)

■ Barrier to entry



Seeing Business from the Inside Out

Business mindset

- A view of business that considers the myriad decisions that must be made and the many problems that must be overcome before companies can deliver the products that satisfy customer needs.



IN CARRYING OUT
E-COMMERCE, THE MOST
IMPORTANT THING IS TO
KEEP DOING WHAT YOU
ARE DOING RIGHT NOW
WITH PASSION, TO *KEEP
IT UP.*

- JACK MA






SOMEONE IS
SITTING IN THE
SHADE TODAY
BECAUSE
SOMEONE
PLANTED A
TREE A LONG
TIME AGO.

- WARREN BUFFETT

What is Warren Buffett known for? Warren Buffett, known as the "Oracle of Omaha," is an **American businessman and philanthropist, widely considered the most successful investor of the 20th century.** He has amassed a personal fortune of more than \$60 billion by defying prevailing investment trends.

A photograph of Elon Musk speaking, wearing a grey blazer over a black shirt. He is gesturing with his hands. The image is framed by a white border. At the top of the page, there are three horizontal bars in blue, orange, and yellow.

**When something is important enough,
you do it even if the odds are not in
your favor.**

ELON MUSK
CEO TESLA



"The No. 1 thing that has made us successful by far is obsessive compulsive focus on the customer"

Jeff Bezos - Amazon Founder & CEO

Exhibit 1.3 The Business Mindset (1 of 2)

Consumer's Perspective

Manager's Perspective

Which product will meet my needs?

Function

What products should we make?
How should we make them?
Can we make them ourselves?
Are there any safety issues?

How can I learn more about this product?

Marketing

How can we reach potential buyers?
What should we say?
How can we rise above the noise?
Do we need our own salesforce?

How will it make me feel about myself?

Image

What is our brand image?
Do we need to change or improve it?
Do we need more than one brand?
How do we protect our brand?



Exhibit 1.3 The Business Mindset (2 of 2)



Can I afford it?

Price

How much will it cost to produce?
 What price will the market accept?
 How much do competitors charge?
 Can we turn a profit? At what volume?



Where can I buy it?

Availability

Which are the best retail channels?
 Will they carry our products?
 How much do these channels cost?
 Will they support our brand image?



Can I get support after the sale?

Service

What support services do they expect?
 How much can we afford to offer?
 Will they pay for some services?
 What do our competitors offer?



Exhibit 1.4 Positive and Negative Effects of Business



Potential contributions

Offering valuable goods and services

Providing employment

Paying taxes

Contributing to growth, stability, and security

Potential negative effects

Generating pollution and creating waste

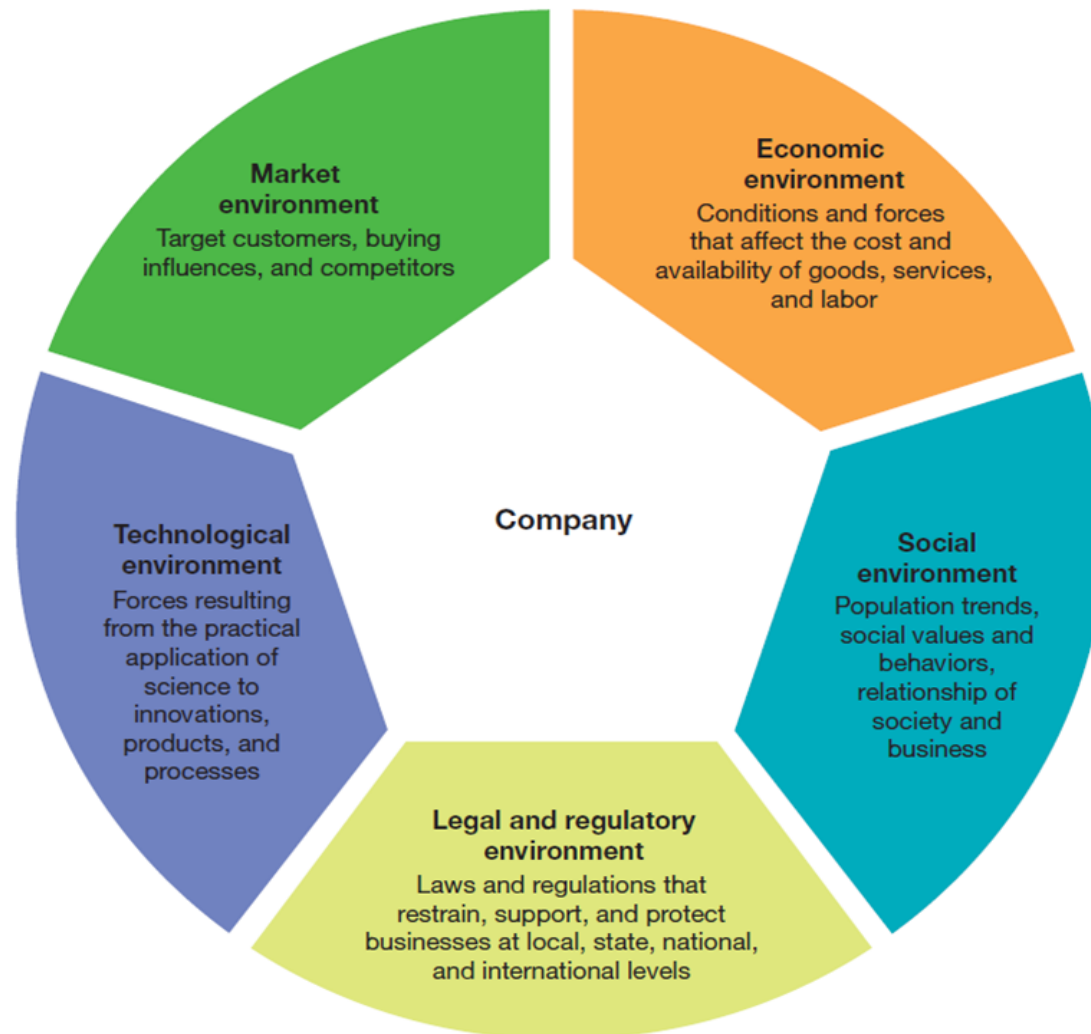
Creating health and safety risks

Disrupting communities

Causing financial instability



Exhibit 1.5 The Multiple Environments of Business



Recognizing the Multiple Environments of Business

(1 of 4)

Social environment

- Trends and forces in society at large

Stakeholders

- Internal and external groups affected by a company's decisions and activities.



Internal stakeholders

Employees

Manager

Owners

External stakeholders

Suppliers

Society

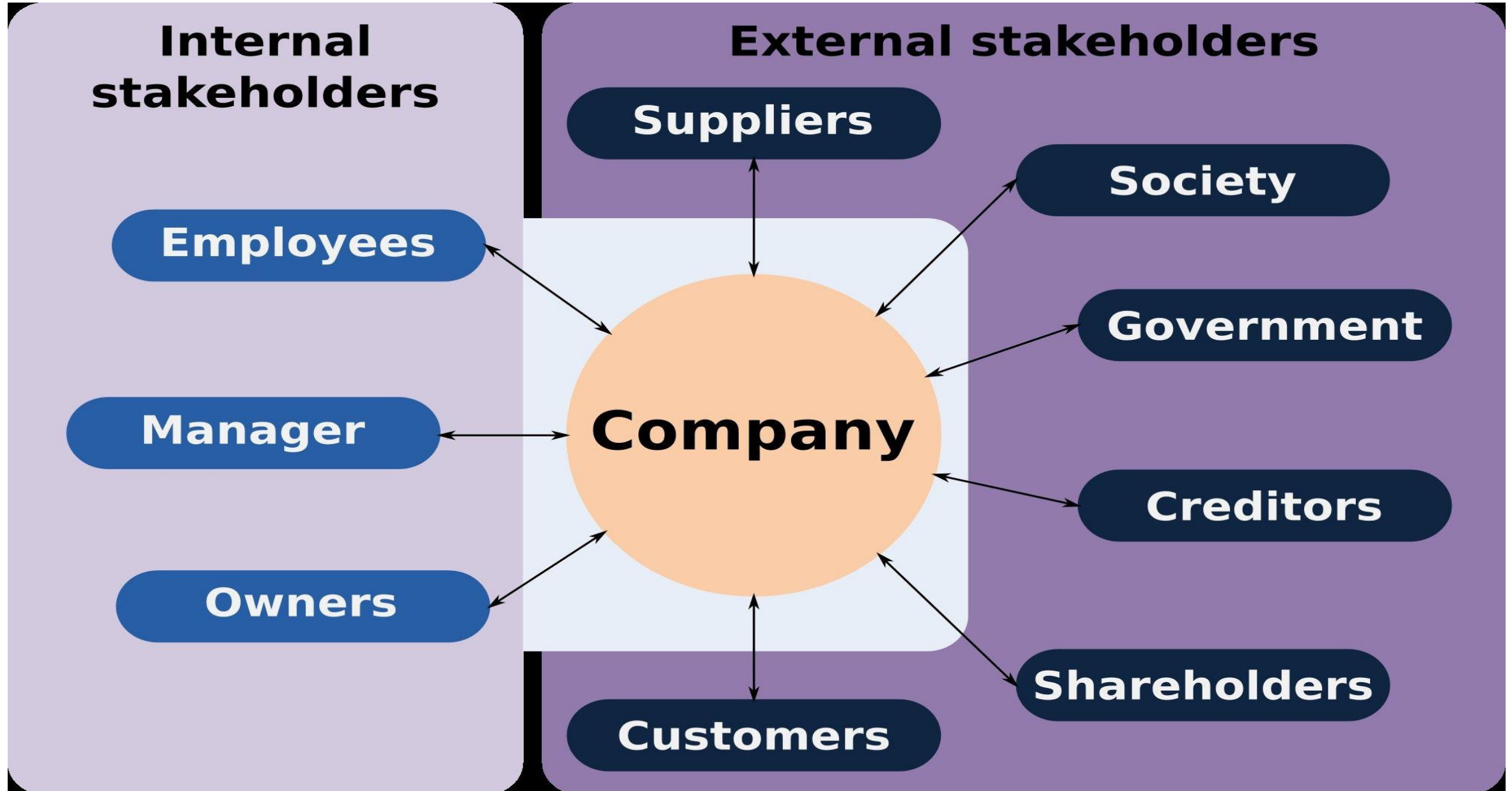
Government

Creditors

Shareholders

Company

Customers





The Biggest Consumer Trends to Expect in 2022



The List Show TV · 708 views · 6 months ago



Recognizing the Multiple Environments of Business

(2 of 4)



- **Technological environment**
 - Forces resulting from the practical application of science to innovations, products, and processes
- **Disruptive technologies**
 - Those that fundamentally change the nature of an industry
 - Can be powerful enough to create or destroy entire companies

DISRUPTIVE INNOVATION

- What are the potential digital trends and disruptions facing your industry?
- How do you see the likely magnitude and speed of impact of these digital changes?



SAMPLE

Potential Digital Trends & Disruption Facing in Lending - Micro Loans Industry	Magnitude	Speed Of Impact
Big Data Analytics	High	Fast
BlockChain Technology	High	Slow
Credit Risk Scoring Model with AI & ML algorithms (Social Network Data & SMS logs & GPS Data & Contact Lists & headsets Logs & Call logs)	High	Medium
Crowdfunding	Medium	Average
Digital & Mobile Banking	High	Fast
Online P2P Lending Business Model	High	Slow
Online Payment Systems	Low	Fast

Recognizing the Multiple Environments of Business (3 of 4)

Economic environment

- The conditions and forces that affect the cost and availability of goods, services, and labor and thereby shape the behavior of buyers and sellers

Legal and regulatory environment

- Laws and regulations at local, state, national, and even international levels



Exhibit 1.5 The Multiple Environments of Business



