
Week 1: Introduction Developing Business Mindset

— BA291 Introduction to Business —

Your Facilitator

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Office Hours: Tuesday and Thursday 13.00-16.00; by appointment only

Course material: will be uploaded to Moodle before each class

Main Contact Method: e-mail and Moodle

Lesson objectives

After the lesson, students should be able to

1. Explain the concept of adding value in a business and identify the major types of businesses
2. List three steps to help make the leap from consumer to business professional
3. discuss the five major environments in which every business operates
4. explain the purpose of the six major functional areas in a business enterprise

Topics

- Understanding what businesses do
- Making the leap from buyer to seller
- Recognizing the multiple environments of business
- Identifying the major functional areas in a business enterprise

Activity: Word Map

1. On a sheet of paper, draw a circle and write “Business” in the center
2. Draw lines leading away from the circle
3. On each line, write any word or term that you associate with “Business”
4. Share your word map with a partner, if they have words that you believe are associated with the term, add them to your word map

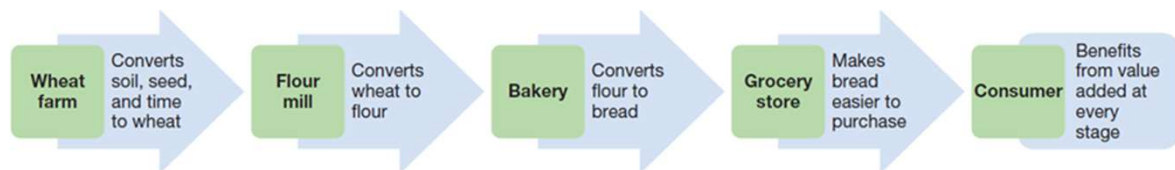
Understanding what businesses do

Business refers to any profit-seeking organization that provides goods and services designed to satisfy the customers’ needs.

Adding value to satisfy customers

Exhibit 1.1

Every company in this chain adds value for the next customer and for the ultimate consumer.



Adding Value: the Business of Business

- **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

- **Profit**

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

Competing to Attract and Satisfy Customers

- **Competitive advantage**

Some aspect of a product or company that makes it more appealing to its target customers

Identifying Major Types of Businesses

- **Not-for-profit organizations**

Organizations that provide goods and services without having a profit motive, these are also called nonprofit organizations



Identifying Major Types of Businesses (cont.)

Goods-producing businesses

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



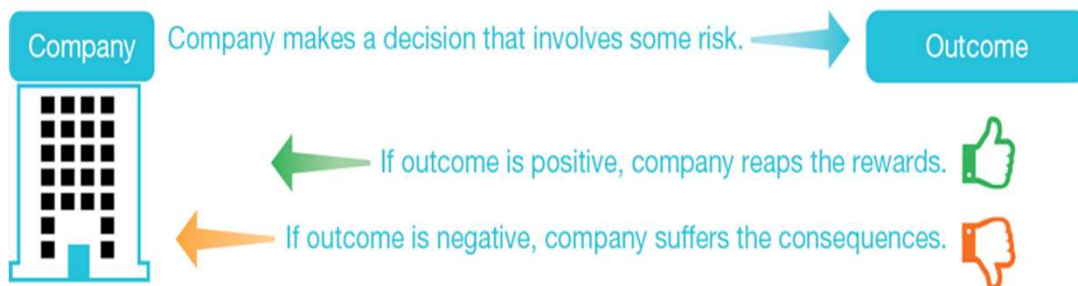
Service businesses

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



Risk and Reward

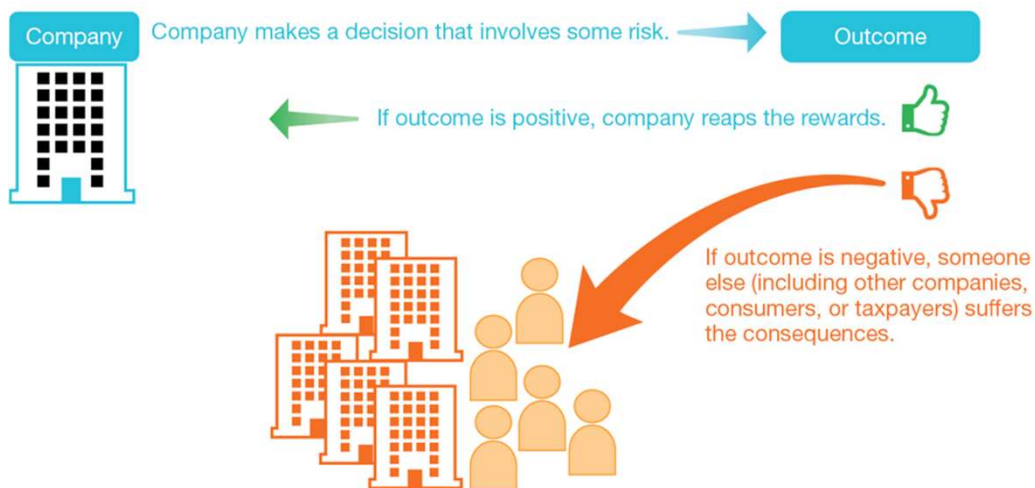
Healthy connection between risk and reward



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Risk and Reward (cont.)

Moral hazard: Link between risk and reward is broken



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Risk and Reward (cont.)

- Goods-producing businesses are often **capital-intensive** businesses
- Service businesses tend to be **labor-intensive** businesses



Risk and Reward (cont.)

- **Barrier to entry**

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

From buyer to seller/ Seeing Business from the Inside Out

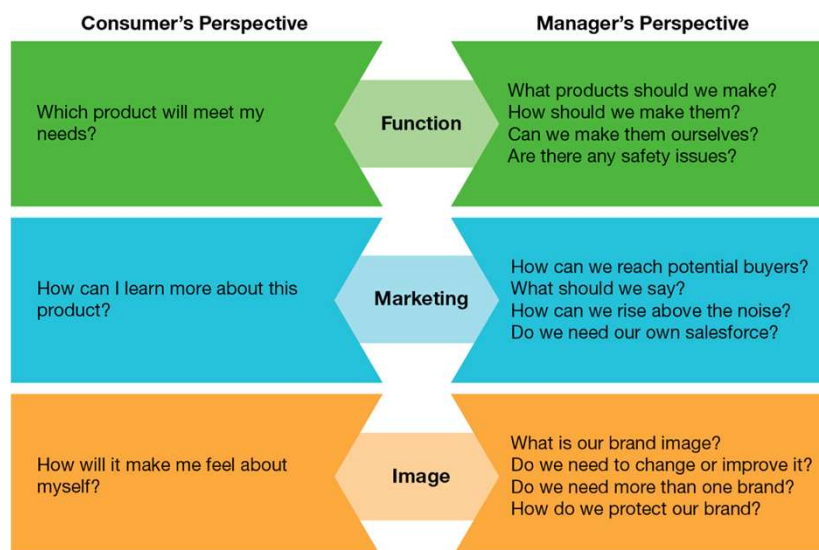
- **Business mindset**

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

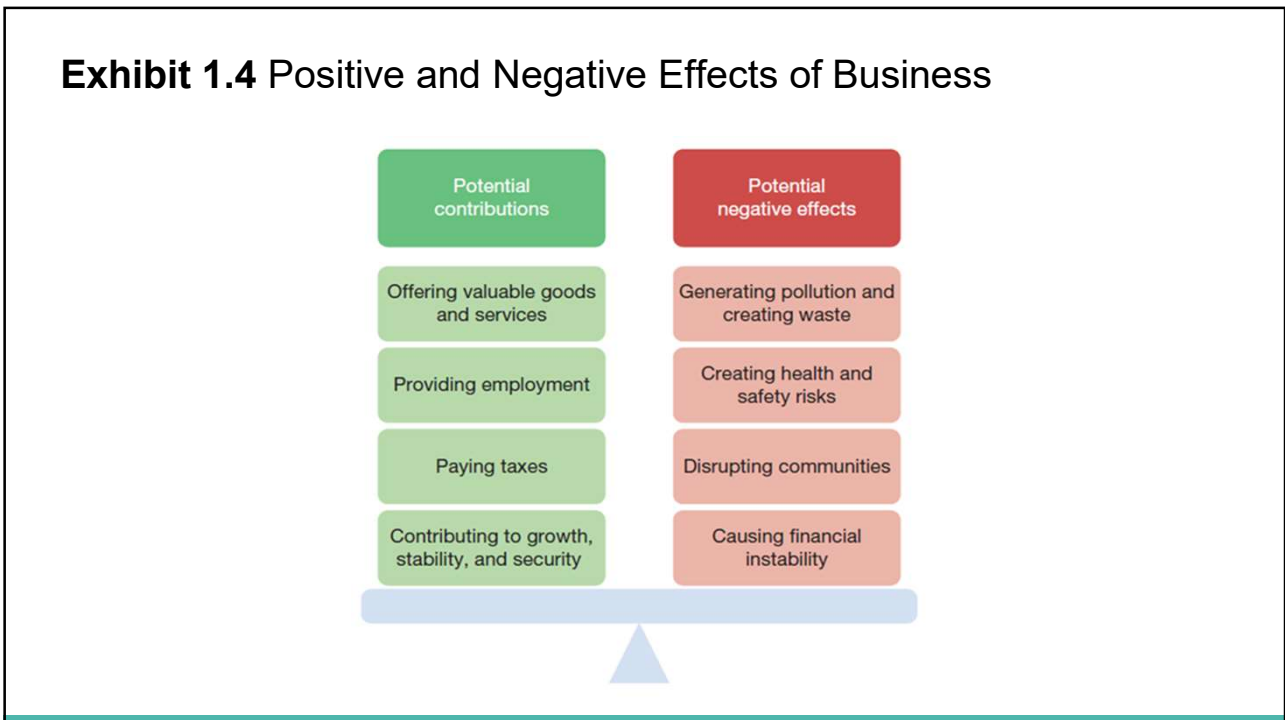
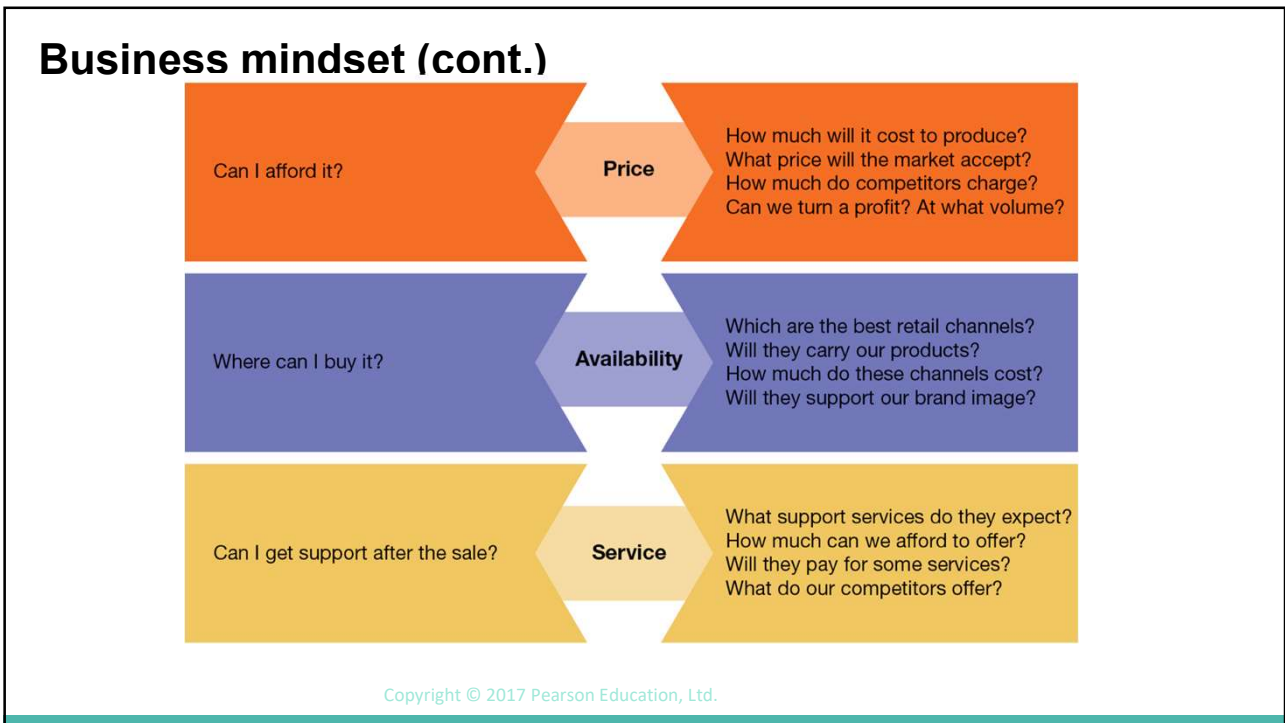
Activity: business mindset

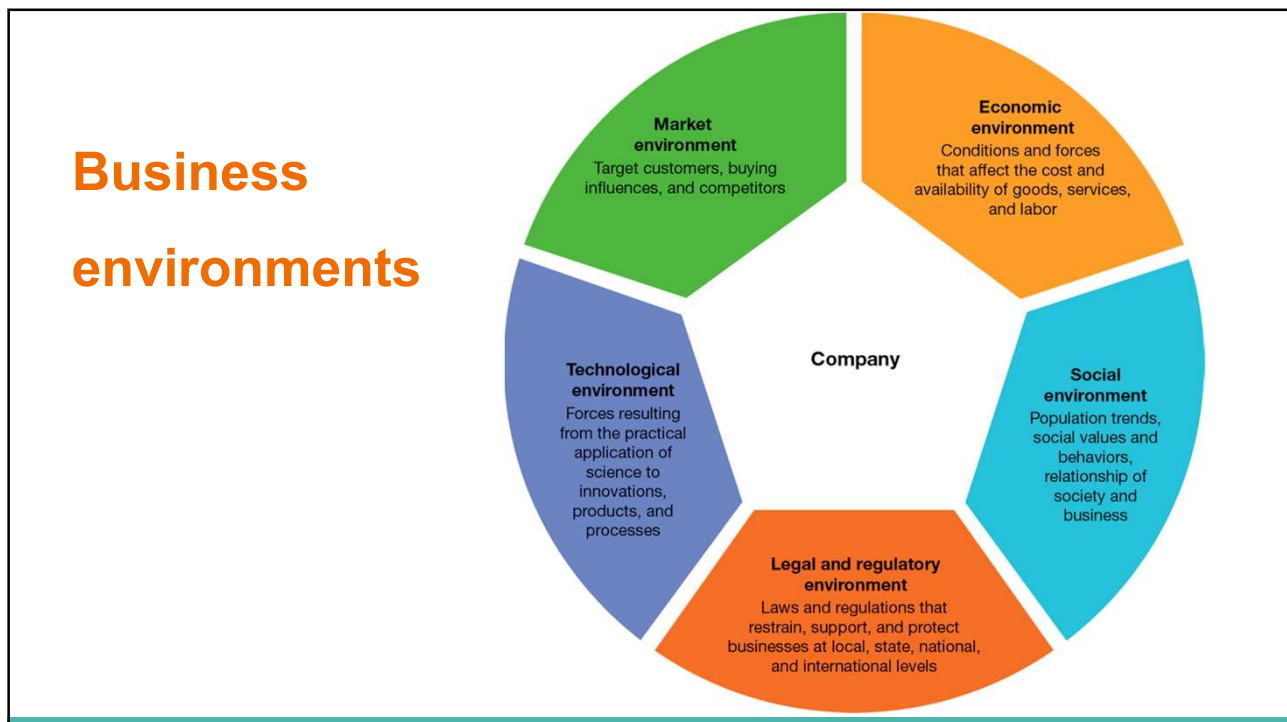
1. Divide into two big groups
2. Group1 – You want something to fulfill your needs, list questions you may have as a consumer.
3. Group2 - as a business owner, list questions you need to ask yourself when thinking about launching new products.
4. Compare the answers

Business mindset



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Recognizing the multiple environments of business

•Social environment

Trends and forces in society at large

•Stakeholders

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

•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.

Recognizing the multiple environments of business

•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

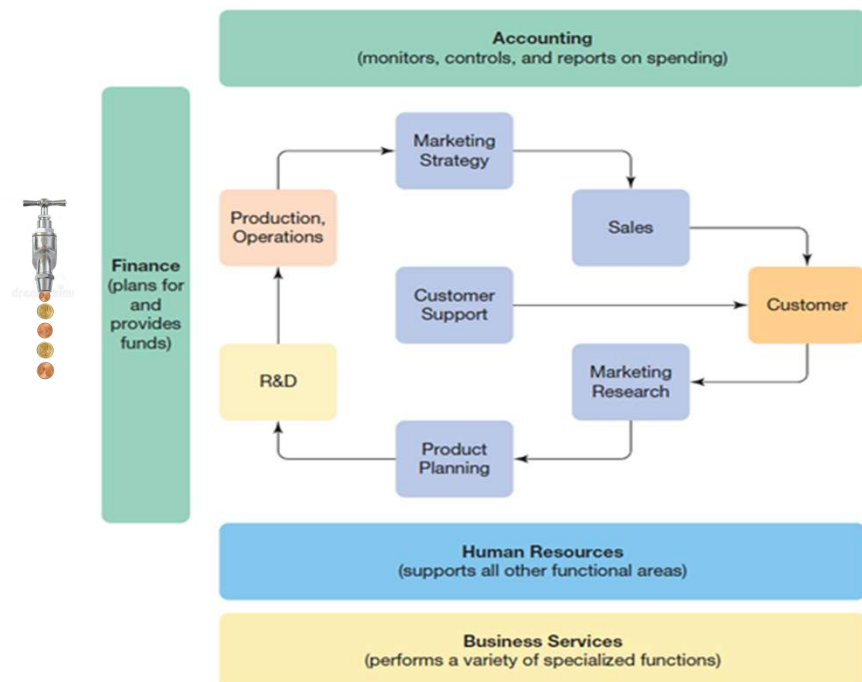
•Legal and regulatory environment

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

•Market environment

A company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers

Major Functional Areas in a Business Enterprise



Activity: Which functional area does each unit belong to?

Functional area responsible for conceiving and designing new products

exist to help companies with specific needs in law, banking, real estate, and other areas

responsible for recruiting, hiring, developing, and supporting employees

An area where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses), including purchasing, logistics, facilities management

Systems that promote communication and information usage through the company or that allow companies to offer new services to their customers

Activity: Which functional area does this unit belong to?

Identifying opportunities in the marketplace, working with R&D to develop the products to address those opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices

- responsible for virtually every aspect of a firm's finances
- ensuring that the company has the funds it needs to operate
- monitoring and controlling how those funds are spent
- drafting reports for company management and outside audiences such as investors and government regulators