BA 291 Introduction to Business
Session 1 Business Overview

By Ajarn Suwalya K.

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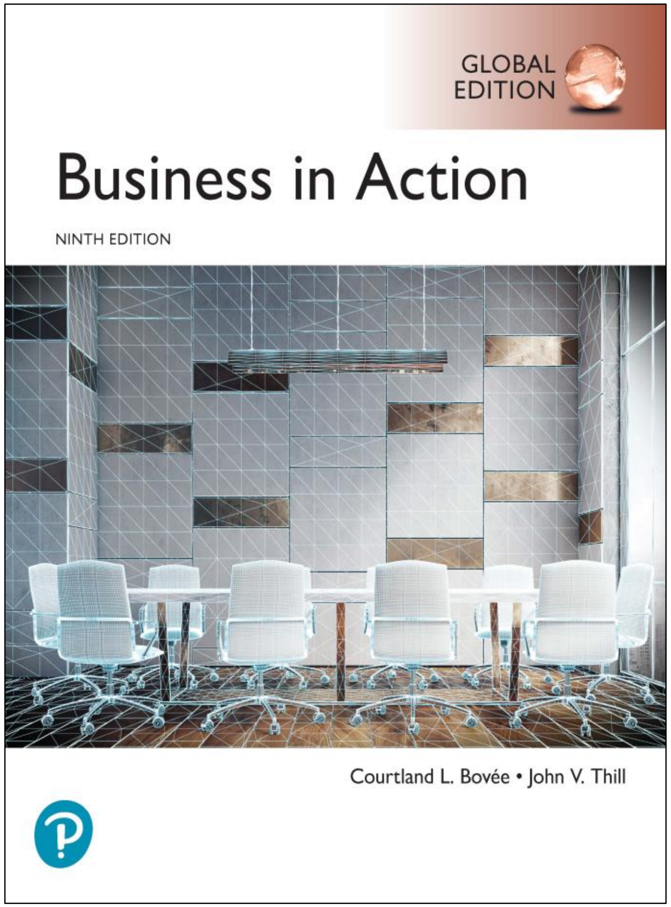
Business in Action: Thriving in the Digital Enterprise

Ninth Edition, Global Edition



Chapter 1

Developing a Business Mindset

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.

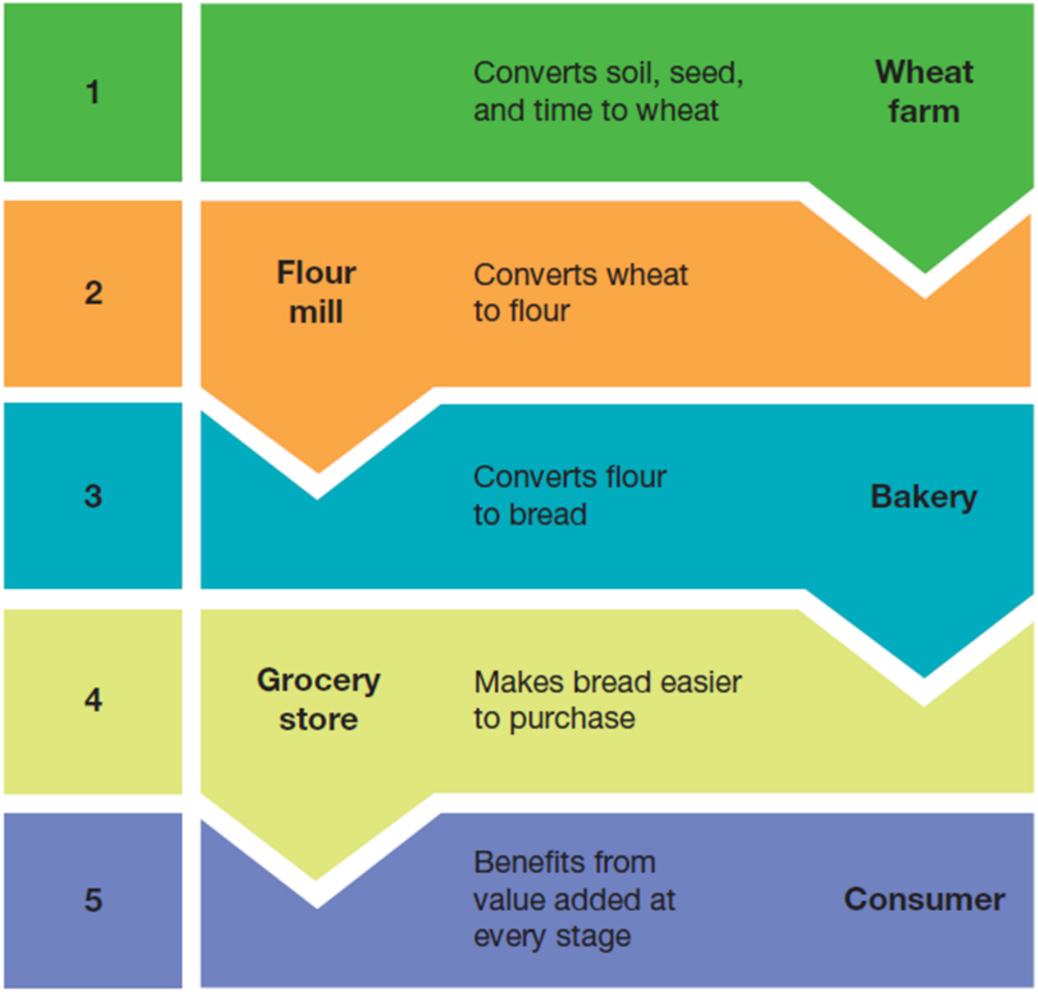
1.4 Explain the purpose of the six major functional areas in a business enterprise.

Understanding What Businesses Do

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

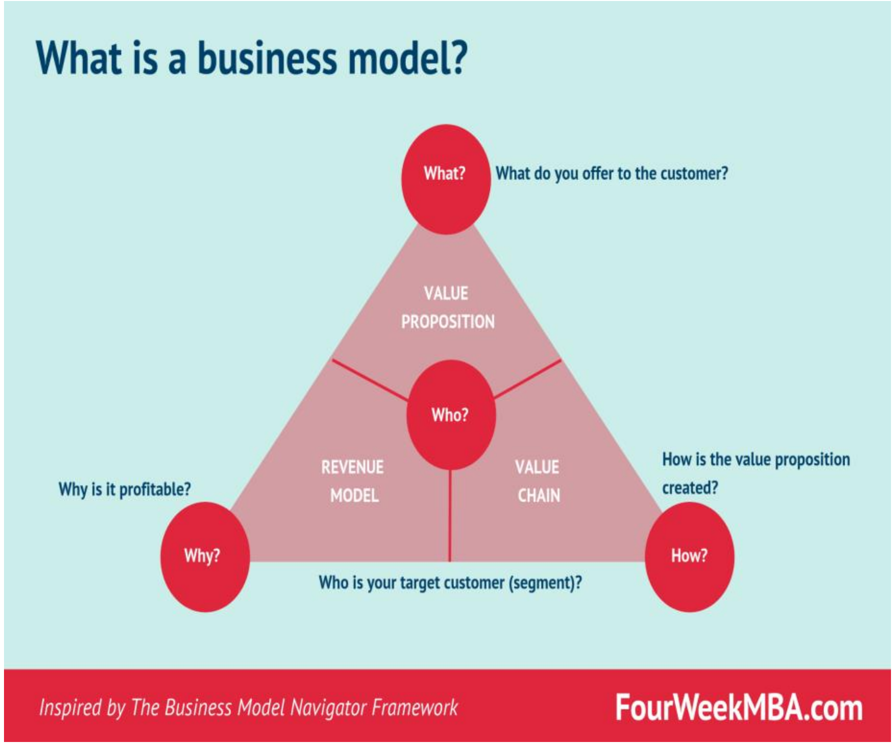

Farmhouse
Royal
Group
Royal Bre
Whole Wheat
12 Grain
33.-
Royal
MADE FRESH DAILY
Royal Bread
37.-
Royal
MADE FRESH DAILY
Whole Wheat
40.-
Royal
MADE FRESH DAILY
12 Grain
โฉมใหม่
พรีเมี่ยม
กว่าเดิม
*ทุกช่องทางจำหน่าย

Exhibit 1.1 Adding Value to Satisfy Customers



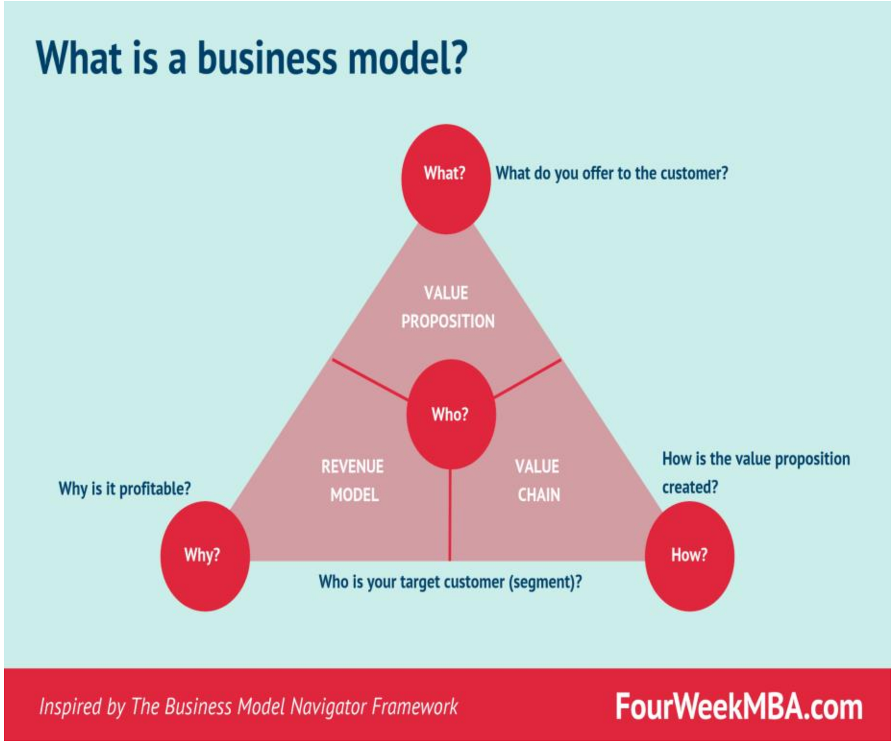
Adding Value: The Business of Business (1 of 2)

- **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.



Competing to Attract and Satisfy Customers

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


IKEA®
Make room for life
I.O
VE
NEW
$499
IKEA

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.

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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.

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

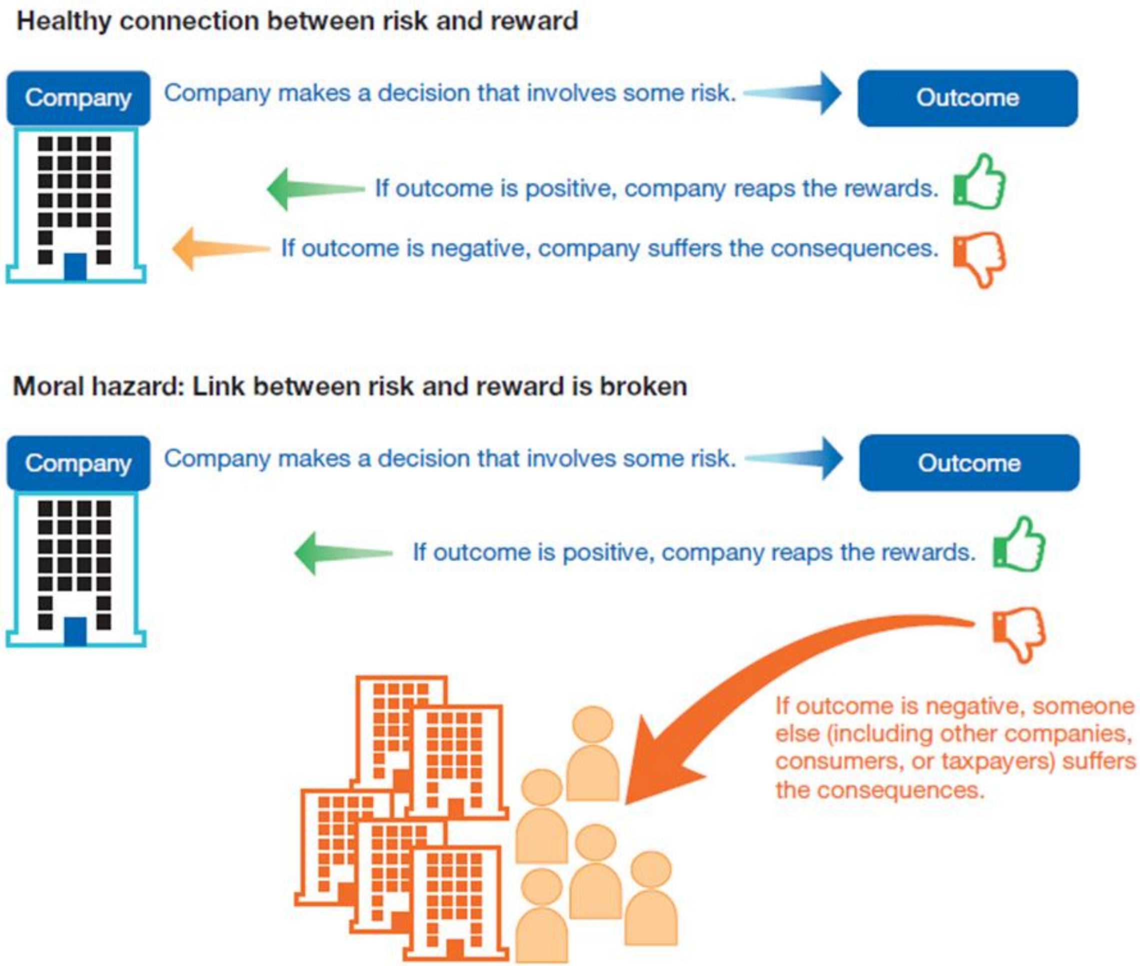

Exhibit 1.2 Risk, Reward, and Moral Hazard (2 of 3)

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

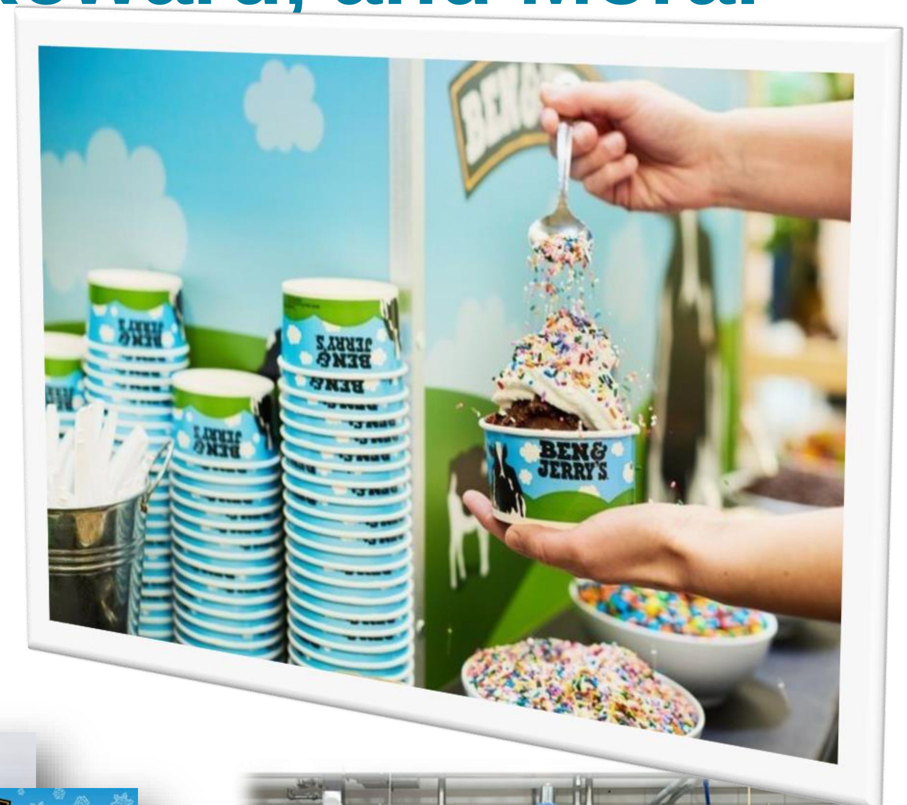

Exhibit 1.2 Risk, Reward, and Moral Hazard (2 of 3)

- Service businesses tend to be labor-intensive businesses.

FITNESS SOCIETY

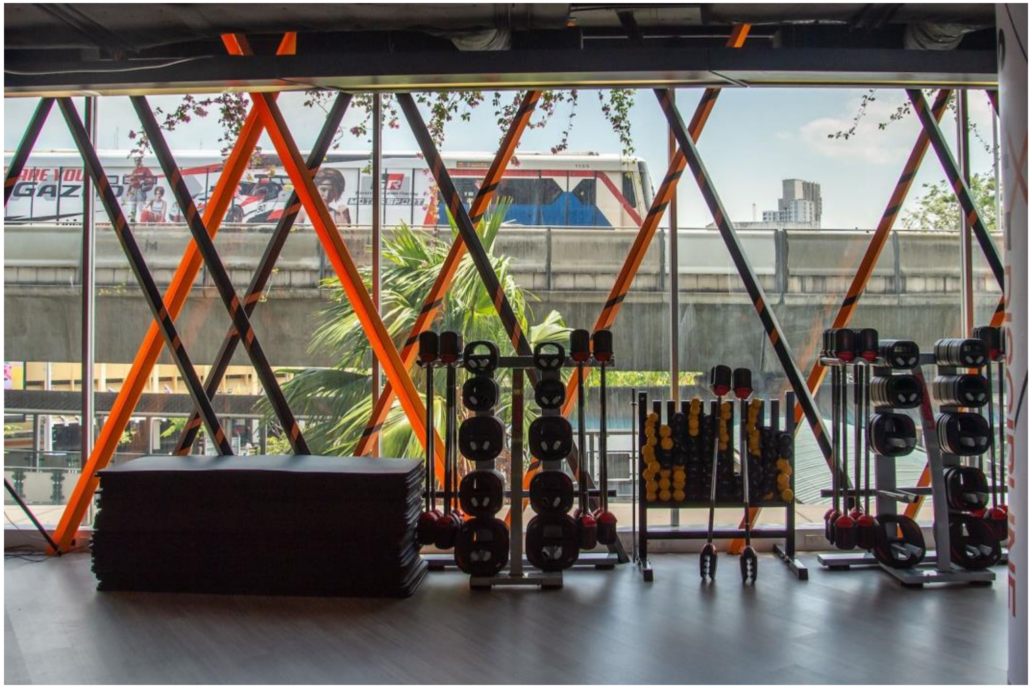

Exhibit 1.2 Risk, Reward, and Moral Hazard (3 of 3)

- **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**

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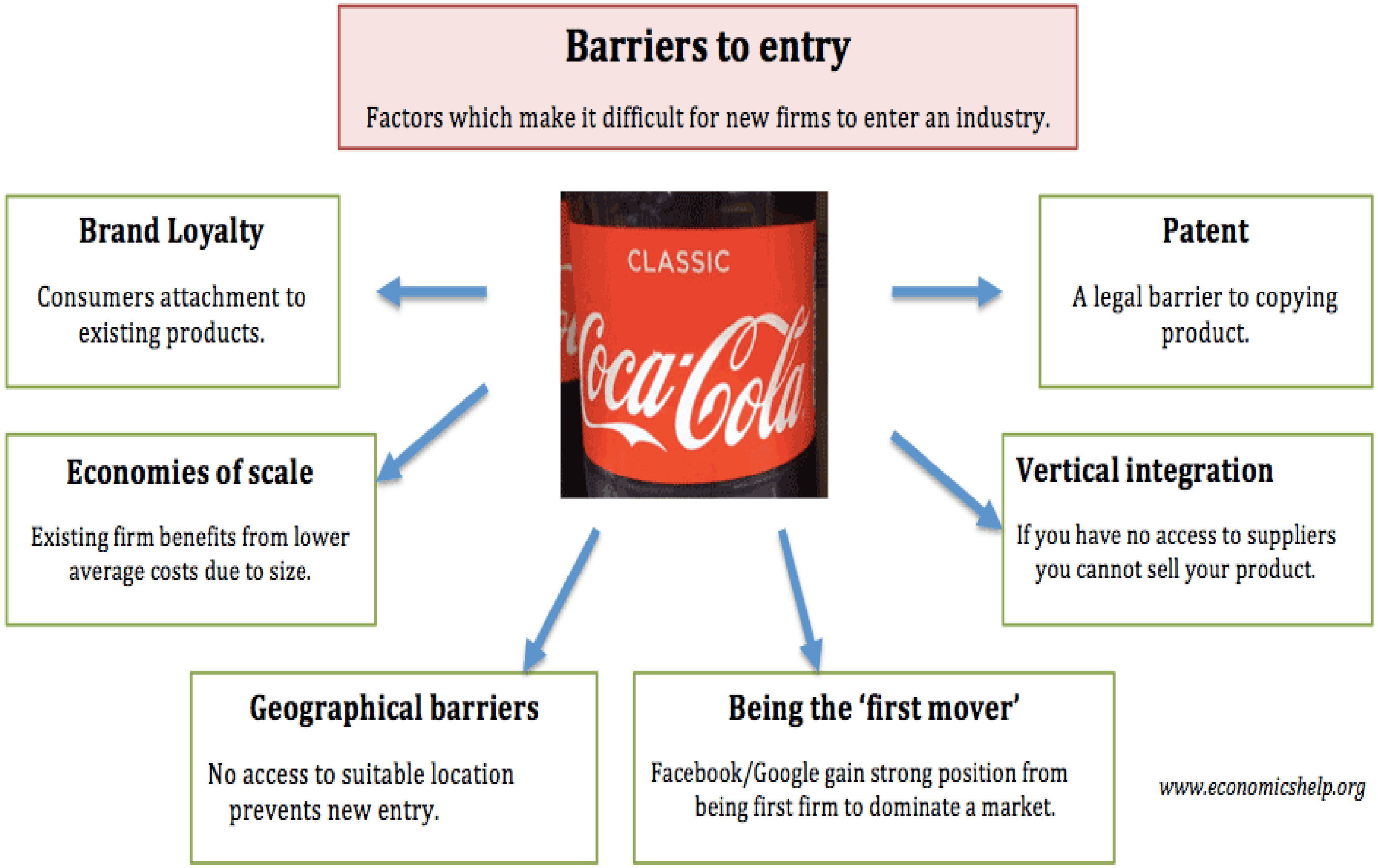
Exhibit 1.2 Risk, Reward, and Moral Hazard (3 of 3)

- **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.


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

Pearson

Exhibit 1.3 The Business Mindset (1 of 2)

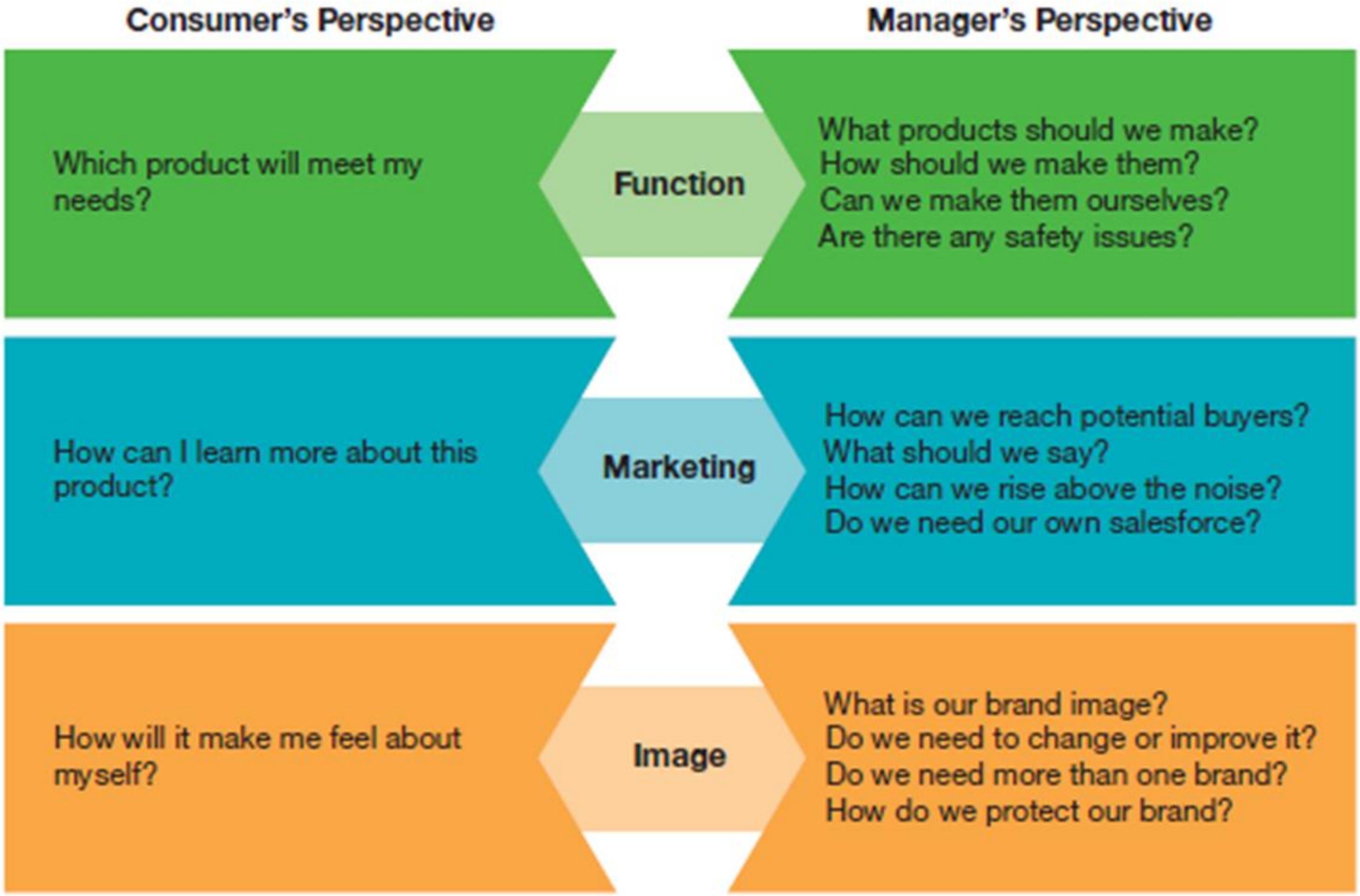


Exhibit 1.3 The Business Mindset (2 of 2)

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Exhibit 1.4 Positive and Negative Effects of Business

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.

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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

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

Recognizing the Multiple Environments of Business (4 of 4)

- **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.

Exhibit 1.5 The Multiple Environments of Business