**1.1: What is a Business?**

Businesses come in many shapes and sizes, such as local, regional, national, and/or global. They are classified by their size, structure, and the role they play in the community.

**Profit or Non-profit?**

**For-Profit Business:** Afor-profit business \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.*

**Non-profit and Not-for-profit Organizations:** Anon-profit and/or not-for-profit organization \_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**For-profit Business**

By supplying goods and services, a business can make a profit.

* + **Profit:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ **Expenses** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ **Cost** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 **Revenue – Expenses = Profit (or Loss)**

When a business makes a profit, it can

* + reinvest money for expansion
	provide improved goods and services
	give the owner(s) funds to spend on personal needs or wants

The business is considered \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ when debts are paid and financial obligations are met.

**Non-profit Organizations**

The primary motive of a **non-profit organization** is to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Only charities and charitable organizations are called non-profit and are allowed to raise such funds. These organizations operate to serve people and their communities.

**Not-for-profit Organizations**

A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ uses any surplus funds to improve the services offered to its members. However, they do not distribute profits to members.

A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**,** unlike a not-for-profit organization, consists of an independent association of persons who join together to meet economic, social, and cultural needs and goals.

**Large or Small**

A small or medium-sized business (SMB) can be classified by the following characteristics:

* + employs fewer than 500 people
	estimated to be over one million in Canada
	provides jobs for more than 60 percent of the Canadian workforce

**Forms of Business Ownership**

Informal descriptions of business ownership include:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Goods or Services**

A business can be classified by the goods that it produces or services that it offers. Best Buy sells electronic goods while a local food bank provides a service to the community.

**Channels of Distribution**

A business can be classified according to *how* it delivers goods or services to the customer. Some of these categories are retail (“bricks and mortar”), the telephone, catalogues, and e-commerce

**Role in the Community**

A business performs different functions in its community.

**Jobs**

A business can be classified by the types of jobs that it provides. For example, a health club provides jobs to personal trainers, front desk workers, office workers, maintenance workers, and possibly food service personnel.

**Your Thoughts: Describing a Business**

Describe a business you’re familiar with. In your description, tell about its purpose (profit or non-profit), its size, how it’s owned (if you know), the goods or services that it provides, how it delivers its goods or services, its role in the community, and the kind of jobs it provides.

**1.2: The Role of the Consumer**

**Producers** : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Consumers** : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A **marketplace** or location is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Businesses use \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ plus their own research to decide what quantities of goods and services they will provide to consumers. Some key questions that businesses might ask about themselves are

* + When do they want these goods and services?
	+ Where do they want them?
	+ How much goods or services do they want?
	+ What price will they pay for these goods and services?

Consumers greatly influence businesses in regards to what they produce and how they deliver it.

1. **Consumer Influence on Products**

In the past, businesses controlled what, when, and the amount of products and services available to consumers. With increased **competition** and the appearance of more producers, consumers ultimately buy from businesses that meet their personal needs and wants.

1. **When Products Become Obsolete**

Over time, products or services can become **obsolete** because people no longer want them or new and improved products have replaced them.

**Your Thoughts: Obsolete Products**

Provide an example of an obsolete good or service (one not already used today).Have DVD players made VCR players obsolete? Are digital cameras making film cameras obsolete? Explain.

1. **Consumer Influence on Price**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are in control when they have \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**.** They **c**an increase prices in response to increased costs or to increase their profits.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_have control when they have power.

Today’s consumers want access to a wide variety of cheap, reliable goods and services

What happens if businesses do not give them the services they want?

They demonstrate this by “voting with their feet” to look elsewhere for products and services.

1. **Consumer Influence on Service**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ gives individuals the control to buy goods and services at the price they want and the location they like.

This power influences the products, prices, and service levels that businesses offer consumers.

DVDs are a good example. (Specialty stores, Department stores, Online rentals, Netflix , On Demand)

**1.3: Starting a Business**

**Characteristics of Entrepreneurs**

**Entrepreneurs** are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. They are acutely aware of opportunities in the marketplace and take advantage of these in their businesses. Important entrepreneurial characteristics include the following:

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |
| --- | --- |
| **Entrepreneur Advantages** | **Entrepreneur Disadvantages** |
|  |  |
|  |  |
|  |  |

**Consumer Needs and Wants**

Entrepreneurs often start businesses to satisfy consumer \_\_\_\_\_\_\_\_\_\_\_**.** Needs are things that are necessary for survival such as \_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. In a country as prosperous as Canada, the majority of Canadians have met their basic needs. However, entrepreneurs can also provide consumers with new products or services that are not considered a need but a **want**—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Attracting Consumer Interest**

Entrepreneurs need to identify their competition. They must determine how to attract their customers and keep them.

Businesses also plan what goods and services to offer and how to distribute and market them by knowing how consumers will answer the following questions:

* + Do I really need it?
	+ Where should I buy it?
	+ How much variety is there to choose from?
	+ How much can I afford to spent?
	+ Why would I want to buy here? Are there sales or coupons?
	+ Where else could I get it? Could I buy it used or get it as a gift?

**Attracting Consumer Interest**

Businesses compete for consumers. Here arena few **strategies** that businesses use to help attract buyers to try a product or service.

* + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Making Good Business Decisions**

Entrepreneurs face many decisions on a daily basis. Even deciding how much **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** or stock (i.e., \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) must be considered carefully because of the financial resources available.

**Decision making process**

Copy the Decision-Making Process diagram in the space below.

**Consumer Needs and Wants: Ethical, Moral, and Legal Considerations #1**

Smoking and nicotine are bad for your health – that’s a fact. So why would an American company create a lemon-flavoured drink laced with nicotine? This 8-ounce can of soda contains the same amount of nicotine as two cigarettes. The company is marketing this drink to smokers who find themselves in places where smoking is prohibited.

But nicotine is a highly addictive drug. Those who oppose this product claim that it is equivalent to putting a drug in a soda can. Meanwhile, supporters say that the lack of second-hand smoke from these drinks will make nicotine use safer for others. Moreover, because the drink is legally classified as a dietary substance rather than a drug or cigarette, it is not currently subject to the rules that regulate the sale of drugs and cigarettes. The introduction of this product appears to be serving a consumer want. But what are the ethical issues that this product raises? Should it be legal to sell this drink in a corner store?

Complete activities regarding this topic as outlined on your assignment sheet.

1.4: Economic Resources

**Economic resources**, also known as **factors of production**, are the means through which goods and services are made available to consumers.

 Most products require a combination of

* + natural resources
	+ human resources
	+ capital resources

Businesses are **interdependent,** which means they rely on the goods and services from a variety of businesses to satisfy consumer needs and wants.

**Economic Systems**

**Economic systems** are a way of dealing with the selection, production, distribution, and consumption of goods and services. Government and business work together to foster activity and growth in the marketplace.

Economic systems have to answer three key questions:

* 1. What goods and services should be produced within the system?
	2. For whom should these goods and services be produced?
	3. How should these goods and services be produced?

1.5: Demand, Supply, Price

**Law of Demand**

**Demand** is the quantity of a good or service that consumers are willing and able to buy at a particular price.

**Law of demand** and its relationship to prices and consumers is defined as the following:

* + - * When prices 🡻 decrease consumers buy more and demand goes up 🡹.
			* When prices 🡹 increase consumers buy less; demand goes down 🡻.

Several conditions that create demand are

* consumer awareness
* price
* supply
* accessibility

**Law of Supply**

**Supply** is the quantity of a good or service that businesses are willing and able to provide within a range of prices that people would be willing to pay. Increasing the quantity supplied as prices increase is called the **law of supply**.

Several **conditions** that affect supply are

* + the cost of producing or providing a good or service
	+ the price consumers are willing to pay for it

**Relating Price to Supply and Demand**

**Price** is determined by supply and demand as well as the cost of producing or providing the good or service.