

# Better Business

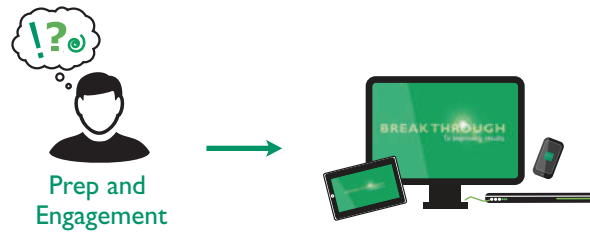
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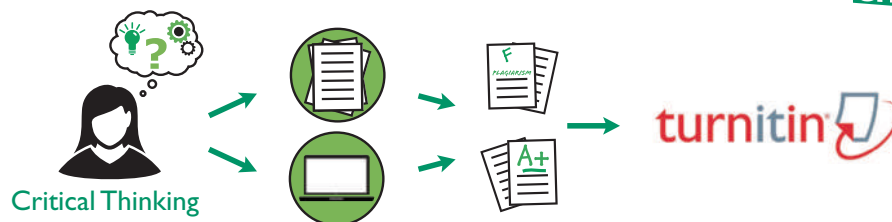
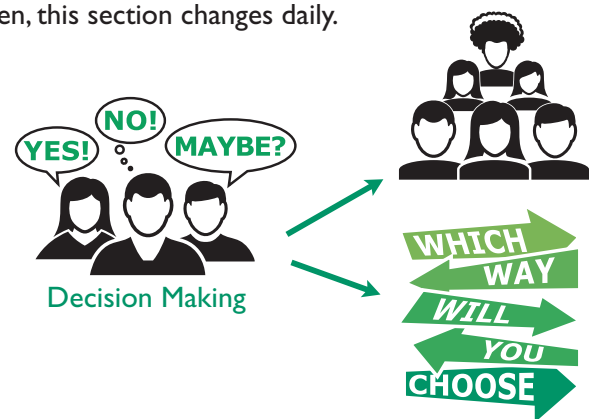
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Michael R. Solomon  
Contributing Editor

Mary Anne Poatsy  
Kendall Martin

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## Dedication

To Rose

—**Michael R. Solomon**

For my husband, Ted, who unselfishly continues to take on more than his fair share to support me throughout this process; and for my children, Laura, Carolyn, and Teddy, whose encouragement and love have been inspiring.

—**Mary Anne Poatsy**

For all the teachers, mentors, and gurus who have popped in and out of my life.

—**Kendall Martin**

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Kendall Martin has been teaching since 1988 at a number of institutions, including Villanova University, DeSales University, Arcadia University, Ursinus College, County College of Morris, and Montgomery County Community College, at both the undergraduate and the graduate level.

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As a professor at Montgomery County Community College, she presents nationally on topics of entrepreneurship, student engagement, and technology in the classroom.



# Acknowledgments

Like any good business, this project could not have been completed without the dedicated efforts of a talented group of people to whom we are eternally grateful. The authors would like to take this time to thank the many colleagues, friends, and students who have contributed toward our vision of an introductory textbook that excites and challenges students.

From the very conception of *Better Business* and into this latest edition, a remarkable board of reviewers at schools across the nation has guided us with wise counsel. Our joy in working with such talented and student-centered faculty is deep. We extend our sincerest gratitude to our reviewers.

The division of Business Publishing at Pearson has been incredible in devoting time and resources to the creation of the *Better Business*, 4th edition learning system. We are indebted to Jodi McPherson, our former executive editor, who had the vision for a new introduction to business textbook system that engages and excites students, and Stephanie Wall, our editor in chief, whose guidance provided the foundation for this edition. We also welcome our new acquisitions editor, Nicole Sam, who despite her most recent arrival has already positively impacted our work. Without their vision, passion, dedication, and drive, this textbook would not exist. Our thanks also extend to our project manager, Ilene Kahn, who diligently kept us on track with only gentle threats when we went astray! Ilene's fine management skills enabled this complex project to be completed on time—a feat not easily accomplished. We also benefited greatly from the thoughtful contributions of Amy Ray, developmental editor. Amy's diligent and enthusiastic efforts ensure that this edition's content is compatible with or exceeds user needs. Maggie Moylan, director of marketing, has been very instrumental in shaping the message of the book. We are so appreciative of her ardent attention to all the marketing details that are so important. We're also appreciative for the dedication of the media team of Robin Lazrus and Alana Coles, who were instrumental in the development of all the multimedia products that make up MyBizLab, and for their efforts to ensure that it works seamlessly with the textbook. Additionally, we would like to thank Janet Slowik and Judy Leale for their efforts in the design and production of *Better Business*, 4th edition. Finally, our thanks to Paul Corey, president of business publishing, and Stephanie Wall, editor in chief, who have backed this project with the necessary financial and human resources to make our vision a reality.

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Everything we do is inspired by the experiences we have in the classroom. We want to thank and encourage our students, whose experiences, struggles, victories, and honesty have shaped this project turn by turn. We strive for *Better Business*, 4th edition, to serve our students as a stepping-stone to meaningful careers and lives.

Last but not least, close to home, our families have sacrificed much to let us focus on the project. We appreciate their patience and support throughout the writing process.



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# Preface

## New to the Fourth Edition

We have invested a great deal of work creating the fourth edition of *Better Business* to give students and instructors a powerful learning and teaching tool that captures the evolving issues and opportunities of business. Enhancements for the fourth edition follow:

- One of the most significant shifts in the business environment since the first edition of *Better Business* is the explosive growth of social media in all parts of business. The fourth edition of *Better Business* continues to feature social media strategies and technologies in over 85 percent of its chapters as well as significant updates to the technology chapter.
- Better Business continues to have superior coverage of cutting-edge topics. In addition to social and mobile media, the fourth edition includes coverage on big data, crowdsourcing and crowdfunding, the Affordable Care Act, search engine optimization and pay-per-click advertising, augmented reality and 3D printing.
- All of the end-of-chapter materials have been reviewed, and we have modified up to 25 percent of these materials to include the most recent events and trends in the business environment. The fourth edition of *Better Business* provides instructors with wide-ranging choices for discussion topics, assessment questions, and group activities that cover the most current and timely topics in the business community, such as major economic shifts, changes in technologies, and ever-increasing globalization.
- All of the time-sensitive material has been updated. Stories and examples from the previous editions that have continued to evolve have been updated and placed in the most current context. Timely examples

have replaced older material, continuing to give *Better Business* an up-to-date feel that resonates with students.

- Feedback from the previous editions of *Better Business* indicated that the “The List” feature in each chapter not only interested students but also pushed them to go more deeply into the body of the text. For the fourth edition, we updated these lists, adding new ones where appropriate that reflect current market trends, with a focus on selecting topics that appeal to students.
- The fourth edition also includes new boxed features in many chapters with topics such as Keurig’s monopolistic market presence, Patagonia’s corporate responsibility, Augmented Reality, Hard Lessons on Social Media, Dove’s Real Beauty advertising campaign, and Advertising and child obesity.

## Instructor Resources

At the Instructor Resource Center, [www.pearsonhighered.com/irc](http://www.pearsonhighered.com/irc), instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit <http://247.pearsoned.com> for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- Instructor’s Resource Manual
- Test Bank
- TestGen® Computerized Test Bank
- PowerPoint Presentation

# Letter from the Authors

**W**hen we set out on this project, we had several goals in mind—and one guiding philosophy. We wanted to have a conversation with our students, not merely to write a book that we hoped they would read. We wanted to change the expectation that students will come to class unprepared. Why can't they come ready for class, with a desire to know about business? Why can't we have a little fun with the course while teaching students about the lighter side of business? We think we can.

To that end, we worked tirelessly on selecting our topics and our resources to help you, the student. We incorporated a question-and-answer format throughout to get you to want to know the answer and see more—and not simply because it will be on the test. We paid more attention to the details because that is where the course often comes together for you.

In each chapter, the “On Target” and “Off the Mark” features illustrate positive and negative outcomes of business ventures related to the chapter material. These features, along with “The List” found in each chapter, can fuel in-class dialogue.

Mini chapters are five special sections in the book that give you additional information on key topics in business: Business Law, Constructing an Effective Business Plan, Business Communications, Finding a Job, and Personal Finance.

*Better Business*, 4th edition, offers the content you need for a solid overview of business—but in a *better* way. By presenting the material in a stimulating way, *Better Business* encourages you to come to class prepared to have better conversations and a truly engaging classroom experience.

# Prologue

## The 10 Easy Steps for Better Business Success

### Step 1: It's all up to you

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You've heard that before, right? You've bought textbooks and read some of the materials, but maybe still haven't ended up with the grade you wanted. So the key to success is not just buying the book or simply reading it. Instead, your success depends on three skills:

- Finding
- Understanding
- Applying the information found within this textbook and all of its resources

The following steps will help you succeed in this course, and if you apply some of these steps outside the classroom, you may also succeed in business and in life.

### Step 2: Go to class with intent

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How do your classes go for you? Are you generally able to follow what the instructor and your classmates are saying in lecture and class discussions? Are you able to actively participate in a group discussion, or do you simply observe other group members? Your attitude and the plan you have for using class time can change the entire experience for you. Try these quick tips to make sure your classroom experience is as rich and fulfilling as possible:

*“You should know the material so well you can explain it to others so that they understand it—even your mom.”*

—Brett Neslen, student

### Review the Syllabus

If you have trouble speaking up in class, try this strategy. The syllabus is one of the most important documents in the course. It acts as a binding contract between you and the professor. Read the syllabus in detail as soon as it comes out. Then, in the next class, ask at least one question about it. It will show the professor you're serious about meeting your responsibilities in class—and will get you in the habit of speaking up in class.

### Show Up!

As Woody Allen says, “Eighty percent of success is showing up.” It's basic advice, but many students lose sight of how important it is to come to class. You should be punctual, if not early; be attentive; and be noticed. Sit near the front and ask good questions so that the professor gets to know your face and name. It's just as important that the professor knows you as it is that you know your professor (see Step 3).



## Ask Questions

If you're confused during class, ask a question right then. Don't think, "I'll look really dumb if I ask this" or "I'll probably understand it after I read the text" or "I'll wait to ask someone else, or go to office hours tomorrow." Asking now will save you time and effort and will probably help other students in the room. You'll learn so much more if you ask questions in class. If you do need to contact your instructor after class to clarify a point, stop by during office hours rather than asking the question electronically or over the phone. Keep in mind, face-to-face visits trump e-mail or voice mail. Now, aren't you glad you invested some time earlier to get to know your instructor (Step 3)? After all, it's easier to ask for help from someone with whom you already feel comfortable.

## Write a One-Minute Review

Immediately at the end of class, take one minute and write all that you can recall from today's lecture. Try to identify what the main takeaway points are by highlighting key ideas. Forcing yourself to be quick and brief helps you to capture the main ideas without the smaller details providing distraction.

## Write Down Your "Muddiest" Point

When class is finished, also take a quick moment to write down two sentences that describe the most confusing part of today's lecture. Keep this in one specific part of your notebook—it's a great thing to bring along to your study group or to office hours. It will also work well in creating your own personalized study guide for the next exam.

## Step 3: Connect with people

Business is all about people. Right now, your business is getting a great grade in this class. As in any business, there are many people available to provide help: instructors, fellow students, and school staff. Look around for these people—and then enlist their help.

### Get to Know Your Instructor: Go to Office Hours

Your teachers can be your most helpful contacts on campus. Not only can they become mentors, but as you near graduation, they can write job recommendations or references. They can't do that unless you get to know them beyond the focus of the course. So plan to make a couple of trips to office hours—even if you know everything.

### Create or Join a Study Group

Find study buddies early. In the first few days of class, try to get acquainted with at least two classmates in every course. Watch the people in your class to figure out who seems to know what's going on, who seems dependable, and who you could work well with. Approach those people and ask if they wouldn't mind forming a study group. You don't need to meet all the time—the group can be available on an "as-needed" basis. But it's good to have a group of connected students who can help you prep for exams, confirm or clarify points made during class, and exchange notes if you miss a class.

*“When studying for a test, I've found that it's very helpful to use a partner and a study guide. I like to come up with a study guide full of questions relating to every important topic that I think will be on the test and write the answers directly below them. Then, my partner and I go through the study guide and quiz each other. This way we can read aloud all of the main ideas and begin to remember key concepts. After we have gone through the study guide a couple times, we quiz each other from memory. Once we've memorized small concepts, it's easier to understand the bigger picture.”*

—Mallory Hensel, student

(Trust us: It's much better to have a buddy give you the information you missed than to ask the instructor, "Did I miss anything important?")

## Use the People around You

Do you know students who already took this class? Spend some time with them and ask the right questions. What sections of the course will demand more time out of your schedule? What tools in the library helped them out with their projects?

Be sure to look around the class for older students. Many colleges are seeing a large influx of people returning to college after successful careers. These people have that precious thing you may lack: real-world experience. Buy someone a cup of coffee and ask him or her for advice that helps you in the course or in finding a job.

## Use All the Resources the School Provides

The faculty and staff at your school want you to succeed—we all take pride in our students' accomplishments! So be sure to investigate all the resources available to you at your school. Talk to your adviser about services such as the following:

### Writing Support

Many schools provide special clinics that can help you with your writing. Some also provide writing labs where you can get assistance in editing and proofreading your work.

### Support Services

Look for support services that offer help with note-taking techniques, strategies to combat stress in test taking, and workshops on helping you organize and manage your time. If you discover that you have a pattern of specific struggles (e.g., you always underperform on tests), see if free screening for learning disabilities is offered. You may need specific testing accommodations (such as additional time or larger-print exams), or you may be eligible for help with an in-class note taker. The key is to become your own best advocate. Be informed—know how your mind works and what conditions make you perform your best.

## Step 4: Explore the world of business in real time

While this textbook intends to apply business concepts to current situations, the examples cannot be as current as those that are exposed in the business press. Until now, you may not have been interested in picking up the *Wall Street Journal*, *Financial Times*, *BusinessWeek*, or *The Economist* because you did not have the necessary background or interest. Try the following technique. Every day, go online and read the lead story in the *Wall Street Journal*. Keep a log that notes the theme of the article (e.g., the economic situation in the United States or some other part of the world, a government action that impacts business, an acquisition by a major company, trends in the workplace, the stock market, a new technology, and so on). Also, rate how easy it was for you to understand the article, with "1" being the easiest and "10" being the most difficult. Similarly, rate how interesting the article was, with "1" being absolutely fascinating and "10" being massively boring. Note any questions about the article and how it relates to material being covered in class or note from the syllabus or table of contents where it might apply to future class content. As the end of your course approaches, review your log. You should see that the articles are becoming easier to understand and perhaps more interesting. In addition, you will also have created an informal study of the current business landscape, including the hottest business trends. For example, if you see that a

significant percentage of the articles are about government actions, it is fair to assume that governments are taking a more active role in business and the economy for some reason. But, above all, this exercise will demonstrate that business—once you really understand it—is far more fascinating than you ever imagined, and it will also help you develop the exceedingly valuable habit of reading the business press regularly, a habit that will serve you well in both life and business.

## Step 5: Experience business

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Business is about people. If you want to be a business success, leave your house and find someone who runs a small business (a restaurant, a print shop, a car wash, and so on) where you are a regular customer because you value the quality of their products. It doesn't matter if you don't have aspirations to work in this line of business, as you are just trying to understand the foundations of any small business that seems successful to you. Ask the owner or manager if you can interview him (or her). Ask him how he spends his time, what is most important to the success of his business, and what his most troublesome problems are. Perhaps you can even volunteer a few hours per week to do odd chores for him so that you can observe firsthand how he manages the business and continue to ask questions. It may start with meaningless errands, but one day you'll appreciate the foundation when a real opportunity arrives. Until that day, you'll be learning by watching a successful businessperson run a company.

## Step 6: Know your learning style

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Determining what kind of learner you are will help you apply the most appropriate resources to create a successful learning program. Knowing your learning style can help you select and use the study strategies that best fit the way you learn.

■ **TABLE 1** will help you figure out whether you learn best by seeing (visual), hearing (auditory), or touching/doing (tactile and kinesthetic). Read the word in the far left column of the chart and then place a check mark next to the statement in one of the successive three columns to the right that best describes how you respond to each situation. Count the number of check marks in each column, placing the total at the bottom of the table. Your answers may fall into all three columns, but one column will likely contain the most answers, which indicates your primary learning style. If one of the remaining columns nears in the number of check marks to your primary learning style, that can be considered your secondary learning style.

After you've determined your primary—and perhaps secondary—learning style, you can best match up the textbook, system, and resources from your instructor to help you achieve a better grade. And, if you can figure out how to succeed in this course, you can apply the same study strategies to succeed in other courses.

Note that your instructor also has a specific style of learning and teaching with which he or she is most comfortable. Watching how your instructor works can be a great clue to helping you succeed in the course. For example, does he or she talk without ever drawing a picture? Or does he or she use visuals to illustrate points? Figure out your instructor's learning style and use it to predict what kinds of interactions he or she wants in the classroom and on your assignments.

## Step 7a: Read this book

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What is the best investment you can make in yourself right now? If there were something that could promise you an A in this course and that would help you to succeed in college in general, it would be worth paying for, right? There is: this book, plus

**TABLE 1** What's Your Learning Style?

When you . . .	Visual	Auditory	Kinesthetic and Tactile
<b>Spell</b>	<input type="checkbox"/> You try to see the word.	<input type="checkbox"/> You sound out the word or use a phonetic approach.	<input type="checkbox"/> You write the word down to find if it looks right.
<b>Listen</b>	<input type="checkbox"/> You get easily distracted when asked to listen for a long time.	<input type="checkbox"/> You grasp the information quickly and easily.	<input type="checkbox"/> You find yourself doodling as you listen.
<b>Talk</b>	<input type="checkbox"/> You favor words such as <i>see</i> , <i>picture</i> , and <i>imagine</i> .	<input type="checkbox"/> You use words such as <i>hear</i> , <i>tune</i> , and <i>think</i> .	<input type="checkbox"/> You gesture and use expressive movements. You use words such as <i>feel</i> , <i>touch</i> , and <i>hold</i> .
<b>Concentrate</b>	<input type="checkbox"/> You become distracted by untidiness or movement.	<input type="checkbox"/> You become distracted by sounds or noises.	<input type="checkbox"/> You become distracted by activity around you.
<b>Meet someone again</b>	<input type="checkbox"/> You forget names but remember faces or remember where you met.	<input type="checkbox"/> You forget faces but remember names or remember what you talked about.	<input type="checkbox"/> You remember best what you did together.
<b>Contact people for class or business</b>	<input type="checkbox"/> You prefer direct, face-to-face, personal meetings.	<input type="checkbox"/> You prefer talking on the phone.	<input type="checkbox"/> You prefer talking with people while walking or participating in an activity.
<b>Read</b>	<input type="checkbox"/> You like descriptive scenes or pause to imagine the actions.	<input type="checkbox"/> You enjoy dialogue and conversation or imagine the characters talking.	<input type="checkbox"/> You prefer action stories or are not a keen reader.
<b>Do something new at school or work</b>	<input type="checkbox"/> You like to see demonstrations, diagrams, slides, or posters.	<input type="checkbox"/> You prefer verbal instructions or talking about it with someone else.	<input type="checkbox"/> You prefer to jump right in and try it.
<b>Put something together</b>	<input type="checkbox"/> You look at the directions and the pictures.	<input type="checkbox"/> You prefer verbal instructions or talking about it with someone else.	<input type="checkbox"/> You ignore the directions and figure it out as you go along.
<b>Need help with a computer application</b>	<input type="checkbox"/> You seek out pictures or diagrams.	<input type="checkbox"/> You call the help desk, ask a neighbor, or growl at the computer.	<input type="checkbox"/> You keep trying to do it or try it on another computer.
<b>Total</b>			

Source: Based on Colin Rose's Accelerated Learning (1987).

your time. Really, all you need to succeed in this course is this book and its resources, plus some investment of your own time and energy. Doing well in this course is a good start at getting As in follow-up business courses that you might take in the future. That leads to a great job after graduation, followed by huge wealth, fame, and fortune! (Well, maybe not those last three, but you get the picture.)

## Step 7b: Use the system, not just the textbook

Most likely, when you shelled out the cash to buy your textbook, you thought you were just getting a book, right? As it turns out, you actually bought a "system."