# GENERAL BUSINESS KNOWLEDGE

"In the business world, everyone is paid in two coins: cash and experience. Take the experience first; the cash will come later."
~Harold S. Geneen

GBK1

Revision 8.1

Work Certified™ 1.2016

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## SUMMARY

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# GENERAL BUSINESS KNOWLEDGE INSTRUCTOR'S SUMMARY

| | |
|---|---|
| **Title:** | General Business Knowledge |
| **Hours:** | 4 hours |
| **Objectives:** | Upon completing this course, students will have demonstrated their understanding of the importance of the work readiness skills taught in this program to both their success and the success of their employer. They will understand general business knowledge, business structures, business ethics, the Green work environment, the Green Collar workforce, basic marketing and financial knowledge. |
| **Materials:** | A marker board or chalk board, flip chart, course outline handout, course exercises and handouts. |
| **Implementation:** | The instructor for this course must be familiar with the other 8 modules taught in the Work Certified™ Program since this course is a wrap-up for the program. The environment for this course should be informal. This course may be taught in a round-table discussion format rather than a classical lecture format. The instructor should make use of handouts and exercises and a marker or chalkboard during the presentation of the content in this course. |
| **Topics:** | Basic General Business Knowledge<br>Business Structures and Legal Responsibilities<br>The Green Workplace<br>The Green Collar Workforce<br>Basic Marketing<br>Basic Financial Statements |
| **Certification Requirements:** | Score 80% or higher on the General Business Knowledge Online Quiz<br>Master all competencies for General Business Knowledge (see GBK5)<br>Score 80% or higher on the Work Certified™ Certification Exam |

# GENERAL BUSINESS KNOWLEDGE COMPETENCIES

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|---|
| GBK-51. Demonstrates understanding of general business knowledge, ethics, business structures and their legal responsibilities by participating in a team activity/discussion. |
| GBK-52. Demonstrates understanding of the importance of the green workplace and green collar jobs and how each creates a healthier workplace and sustainable environment by participating in a team activity/discussion. |
| GBK-53. Demonstrates knowledge of basic business framework and elements of mission statements, vision statements, values, ethics, sustainability, and marketing, by participating in a team activity and presentation to class. |
| GBK-54. Demonstrates knowledge of business and workplace basics by achieving a score of 80% or higher on **online module quiz.** |

# GENERAL BUSINESS KNOWLEDGE COURSE OUTLINE

LESSON 1

Course Introduction and Competencies
General Business Knowledge
Business Structures and Legal Responsibilities
The Green Workplace
The Green Collar Workforce
Basic Marketing
Basic Financial Statements

**General Business Knowledge Module Online Quiz**

# GENERAL BUSINSS KNOWLEDGE
# TEACHING PLAN OVERVIEW
# LESSON 1

This lesson plan is for five hours. Take two10-minute breaks at appropriate times.

| TOPIC | TIME | COPIES REQUIRED as HANDOUTS |
|---|---|---|
| Course Outline & Competencies | 10-15 minutes | Competencies – page GBK5<br>Course Outline – page GBK6 |
| General Business Knowledge | 35-45 minutes | General Business Knowledge Handout-GBK13-17 |
| Business Structures and Legal Responsibilities | 35-45 minutes | Business Structures and Legal Responsibilities Handout- page GBK18<br>Terminology- page GBK19-20<br>Business Structures and Legal Responsibilities Team Discussion- page GBK21 |
| <u>Understanding Basic Workplace Environment/Management</u>:<br>The Green Workplace<br>Top 10 Green Office Tips<br>The Green Collar Workforce<br>Workplace Skills<br>Managing the Workplace | 60 minutes | <br><br>The Green Workplace- page GBK23-24<br>Top 10 Green Office Tips- page GBK25<br>The Green Collar Workforce- page GBK26-27<br>Workplace Skills Handout - page GBK28<br>Managing The Workplace - page GBK29 |
| Basic Marketing | 10 - 15 minutes | Marketing Handout - page GBK31 |
| Your Company 101-<u>*Competency*</u> | 60 minutes | Company 101 Team Activity Handout-page GBK32 |
| Basic Financial Statements | 10 - 15 minutes | Balance Sheet Handout - page GBK33<br>Income Statement Handout - page GBK34 |
| General Business Knowledge Module Online Quiz- <u>*Competency*</u> | 35-45 minutes | General Business Knowledge Module Online Quiz |

# GENERAL BUSINESS KNOWLEDGE TEACHING PLAN
# LESSON 1

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| Course Outline & Competency Requirements | Competency List-page GBK5<br>Course Outline- page GBK6 | N/A | Review material on these documents |

INSTRUCTOR NOTES:
Make sure you discuss all competency requirements for this module with the participants. Let students know that this course uses their knowledge from prior modules, in particular Employment Expectations, Mastering Career Success and Customer Service.

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| General Business Knowledge | General Business Knowledge Handout-page GBK13-17 | N/A | Distribute and review General Business Knowledge Handout. Discuss the definition of a business, the divisions of a business, and how each division supports the other. Discuss the framework of a business and how the development of mission, vision, and values statements establishes company credibility, goals and of respecting the product/service, the employees, and the customer in operating a business. This will help to transition into the importance of practicing ethics and integrity in business operations. With the recent cases with Enron, WorldCom, Tyco, and others, the workforce has lost faith in corporate operations and ethics. |

INSTRUCTOR NOTES:
Lead off the discussion on company mission statements, vision statements, values, and ethics. Tell the students that in today's workplace a company is only as strong as the foundation of its people, goals, values, and integrity. This indicates the company has a philosophy of ethics. More and more companies are establishing mission statements, vision statements, and a code of ethics in response to the demands of stakeholders for accountability. Stakeholders are customers, vendors, officers, employees, investors or anyone with an interest in the performance and success of the company.

# GENERAL BUSINESS KNOWLEDGE TEACHING PLAN LESSON 1

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| Business Structures and Legal Responsibilities | Business Structures and Legal Responsibilities Handouts - page GBK18<br><br>Note: The General Business Knowledge Terminology on pages GBK19-20 is a handout for reference only!<br><br>General Business Knowledge/Business Structures and Legal Responsibilities Team Discussion Handout –page GBK21 | N/A<br><br><br><br><br><br><br><br><br><br><br><br><br>GBK22 | Distribute and review Business Structures and Legal Responsibilities Handout. Then discuss how corporations are entities under the law just like people. They are held accountable for following all laws. Talk about how managers can be held accountable (usually in the case of fraud) and that they are responsible for the actions of their employees. Explain the difference between for-profit and not-for-profit corporations (for-profit has stockholders; not-for-profit has no stockholders and is run by a board of directors). Then talk about internal rules and regulations and why they are implemented.<br>Distribute the Team Discussion handout, GBK21. This should be a round-table discussion allowing the students to discuss what it means to work with a company that has a published mission statement. How will that affect each of the following: The work environment, the workforce, the customers and the employees? |

INSTRUCTOR NOTES:

1. Stress that business owners and business management can be held both legally and financially responsible in certain instances. That is why the manner in which employees perform their job functions is very important to owners and managers. Discuss areas where businesses are held accountable for following the law with potential penalties ranging from fines to jail time to closing the business: employee tax withholding; sexual/age/racial harassment; equal opportunity laws; minimum wage laws; contract law; business licenses; environmental protection (water, Board of Health, SARA title 3 for chemicals); and OSHA (occupational safety and health).
2. Explain how not following these laws can also lead to lawsuits. Expand upon internal rules and regulations and why they are implemented (often to ensure that employees do not unknowingly violate laws or regulations for which the business will be held accountable.) Examples include: dating policies, use of safety equipment, mandatory record keeping, drug-free workplaces, etc.

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# GENERAL BUSINESS KNOWLEDGE TEACHING PLAN
## LESSON 1

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| Understanding Basic Workplace Environment/Management:<br>The Green Workplace<br>The Top 10 Green Office Tips<br>The Green Collar Workforce<br>Workplace Skills<br>Managing the Workplace | The Green Workplace- page GBK23-24<br><br>Top 10 Green Office Tips- page GBK25<br><br>The Green Collar Workforce- page GBK26-27<br><br>Workplace Skills Handout - page GBK28<br><br>Managing The Workplace - page GBK29 | GBK30 | After talking about the important points below, distribute The Workplace Skills Handout and indicate to the class that these are skills necessary for adjustment to changing work environments. Next, indicate that it is not only the supervisor's role to ensure that the work is completed accurately and on time, but also to manage the workplace. Perform the Managing The Workplace Exercise (Ask the students to list some items they learned from previous classes that a supervisor needs to manage to ensure that the workplace is an effective, harmonious, smooth-running work unit). |

**INSTRUCTOR NOTES:**

Discuss how the workplace is divided up into work units that act as teams in the workplace. Next, inform the students that each work unit has a supervisor and many work units are joined together with a number of supervisors reporting to a manager. All of the work units with supervisors and managers form the corporate organization structure. Inform the students that different businesses use different management techniques. Some businesses provide a lot of freedom to their supervisors to manage their staff in the method they believe is most effective; others require the supervisors to follow a specific management style. Most businesses, however, have a combination of both methods. How supervisors manage their work units is usually dictated from the top down. An example: assume Bob supervises a work unit and reports to Tom, who manages 3 supervisors and reports to Susan. For Bob to have the ability to make his own independent management decisions, both Tom and Susan have to give him that freedom. However, if Susan wants a specific report from Tom at noon, Tom may require Bill to have his numbers for the report to him by 11:00 AM and Bill may insist on specific tasks being completed by 10:00 AM so he can meet his deadline. Inform the students that very often a minor change in management can have a major impact in the workplace. For example, if Susan leaves the company and Tom is promoted to Susan's job, he may decide he does not need the report until the end of the day. This can give Bob the ability to rearrange the work schedule for his work unit. Therefore, even though the main two managers are the same (Bob and Bill) there can be major changes in the work unit.

# GENERAL BUSINESS KNOWLEDGE TEACHING PLAN
# LESSON 1

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| Basic Marketing | Marketing Handout-page GBK31 | N/A | Discuss the four main components of marketing: price, product, promotion, and distribution. Use examples of businesses to illustrate these concepts(i.e., a fast-food chain: Product=food, promotion=mainly television, distribution=large number of franchised restaurants, price=affordable/low costs) |

INSTRUCTOR NOTES:
Have students offer their own perspective on how these four key principles of marketing affect their decisions and purchases. How does marketing affect our choices?

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| Your Company 101-*Competency* | Your Company 101 Handout-page GBK32 | N/A | Assign groups to create their own mission and vision statements, establish values, to develop an action plan for environmental sustainability and a marketing plan based on one of the 4 company scenarios. There is limited time, so the content of each of these expectations is to be generally based on an understanding of each of the elements. Instruct the groups to approach each as a team to ensure support. Suggest designating a spokesperson for each element to present. |

INSTRUCTOR NOTES:
Time is limited. Walk around room to ensure that the groups are working together and are accomplishing each of the elements. Remind them to focus on purpose of each and why these are key to a successful business operation.

## GENERAL BUSINESS KNOWLEDGE TEACHING PLAN
## LESSON 1

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| Basic Financial Statement | Balance Sheet Handout - page GBK33<br>Income Statement Handout - page GBK34 | N/A | Distribute the Balance Sheet and Income Statement Handouts. Review what they are, why they are important and review their content. |

INSTRUCTOR NOTES:
Insure students understand the difference between these two statements.

| TOPIC | TOOL | ANSWER KEY | LECTURE FLOW |
|---|---|---|---|
| General Business Knowledge Module Online Quiz- *Competency* | General Business Knowledge Module Online Quiz | | See hardcopy of quiz and answer key in Chapter 3: LMS Database/Module Quizzes |

INSTRUCTOR NOTES:
Distribute the Member Program Evaluation Form (see Chapter 2) just prior to handing out this quiz and be sure to fill out your Instructor Program Critique Form (see Chapter 2). Members must score 80% or higher on this online quiz to be eligible for certification.
***This is a competency that they must perform correctly.***

# TOPIC 9A: GENERAL BUSINESS KNOWLEDGE

A business, also known as a company, enterprise, corporation, or firm, is a legally recognized organization designed to provide products, services, or both to consumers in exchange for money. The operations of a business are commonly organized to have the following internal divisions or operations for efficiency and effectiveness:

- Financial -the division that manages the monetary resources and financial accounting of a company
- Marketing -the division that develops and manages the activities involved in offering products/services to the consumer including advertising, shipping, storing, and selling
- Human Resources -the division in an organization that interviews, appoints, or keeps records of employees
- Strategic- the division responsible for the plan, method, or series of plans for obtaining a specific goal or result, which also develops long and short term goals
- Operations –the division whose team is responsible for overseeing and managing the daily tasks of the company in areas such as supervision, sales, customer service, security and housekeeping. This ensures ongoing production and advancements
- Customer Service -the division responsible for providing solutions, information, and resolution to consumers of services/products offered by the company
- Information Technology –the division that manages and monitors the internal technology for effective communication and ongoing computer services

Each division has a specific role in the overall operations of the company. All must work and communicate together to ensure that the company makes a profit, provides the services/products they are in business to offer and satisfies their stakeholders and customers. Depending on the type of business or organization, for example a non-profit organization, these divisions are still required to ensure those operations are as successful as a for-profit company.

## Company Mission Statements

A **mission statement** is a formal, short, written statement of the purpose of a company or organization. The mission statement should guide the actions of the organization, express the overall goal, provide a sense of direction, and guide decision-making. It provides the framework or context within which the company's strategies are formulated".

## Some Familiar Company Mission Statements:

| | |
|---|---|
| Ford Motor Company: | "We are a global family with a proud heritage passionately committed to providing personal mobility for people around the world." |
| Wal-Mart: | "We save people money so they can live better." |

## Company Vision Statement and Values

A company **vision statement** is often referred to as a picture of the company's direction for the future. The vision statement is a company's inspiration, the basis for the strategic planning. A vision statement may apply to an entire company or to a single division of that company. Whether for all or part of an organization, the vision statement answers the question, "What do we want our organization to be?" When a company creates a vision statement, it is articulating the dreams and hopes for the business. It sets a focus and reminds the company stakeholders of what the company aspires to build. While a vision statement doesn't tell how to get there, it does set the direction for the business planning. That's why it's important when developing a vision statement that the creators dare to dream without restrictions about the future of the business. It is also important that a vision statement captures the passion of the business. Unlike the mission statement, a vision statement is for the company and its stakeholders, not for customers or clients.

**Values** are the answer to the question of what we believe in. Values can be defined as those things that are important to or valued by someone. That someone can be an individual or, collectively, an organization. One place where values are important is in relation to the company's vision. One of the imperatives for organizational vision is that it must be based on and consistent with the organization's values. Values are the embodiment of what an organization stands for, and should be the basis for the behavior of its members.

## Company Vision and Values Statements

Vision of Ford Motor Company: Become the main company of the world in products and services of the car.

Values of Ford:

**Integrity**
We conduct our business with fairness, honesty and transparency so that we can at all times withstand public scrutiny. We will never undermine the heritage of trust that comes with our brand.

**Spirit of Entrepreneurship**
We encourage innovative ideas for individual and organizational development. This thinking will be fostered, encouraged and recognized for enhancing business. We will take delight in stretching our goals and each of us will have a sense of ownership and responsibility for all our business dealings.

**Agility**
We encourage an organizational culture and structure that has capacity for change. Flexibility and adaptability will be critical to our operations. We will aim for nimble, flexible and customized responses at all times to all our stakeholders.

**Passion for Excellence**
All our activities are driven by a passion for excellence. We will strive, compromisingly, to achieve the highest standards in our daily work and in the quality of the goods and services we offer. We will endeavor to achieve the "best in class" status in all our processes and results.

**Unity**
We work cohesively with our staff, customers and business partners around the world, leveraging synergies and building strong networks based on collaboration and mutual cooperation.

Vision of Wal-Mart:

To be the "Worldwide leader in retail."

Values of Wal-Mart:

Our unique culture has helped make Wal-Mart one of the world's most admired companies. Since Sam Walton opened the first Wal-Mart in 1962, our culture has rested on three basic values. We live out these values every day in the way we serve our customers and each other.

**1. Respect for the Individual**

We're hardworking, ordinary people who've teamed up to accomplish extraordinary things. While our backgrounds and personal beliefs are very different, we never take each other for granted. We encourage those around us to express their thoughts and ideas. We treat each other with dignity. This is the most basic way we show respect.

**2. Service to our Customers**

Our customers are the reason we're in business, so we should treat them that way. We offer quality merchandise at the lowest prices, and we do it with the best customer service possible. We look for every opportunity where we can exceed our customers' expectations. That's when we're at our very best.

**3. Striving for Excellence**

We're proud of our accomplishments but never satisfied. We constantly reach further to bring new ideas and goals to life. We model ourselves after Sam Walton, who was never satisfied until prices were as low as they could be or that a product's quality was as high as customers deserved and expected. We always ask: Is this the best I can do? This demonstrates the passion we have for our business, for our customers and for our communities.

**Ethics** is the behavior that a business practices in its daily interactions with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer. To some people, businesses are interested in making money and that is the bottom line. Making money is not wrong in itself; it is the manner in which some businesses conduct themselves that brings up the question of ethical behavior. Running a business requires consideration of a number of issues outside the common goal of making money, and one of these issues is ethics. As a business grows and develops, it can impact the lives and circumstances of people in ways we can only imagine - through bringing jobs, creating wealth and inspiring others to grow their businesses. An important part of engaging in this process understands business ethics which, if not up to scrutiny, can leave you with a bad reputation and can even ruin your business, not to mention distancing employees, suppliers and the local community. Business ethics is especially important in dealing with customers. Maintaining integrity in the customer service side of your business is crucial to building client relationships and to assisting the overall marketing efforts. Some businesses are prepared to sacrifice customer service for money.

On the administrative side of business, it's important to adopt an ethical approach which takes into account of your various responsibilities as a business - to shareholders, employees and the community at large. Embracing these concepts of ethics as part of the way business is conducted is vital to ensuring an honest, successful company with the potential to grow and develop for the future.

One man's concept of what is ethical and for the best may be completely different from another man's concept, so it's important to establish a collective set of ethics that represent the entire organization rather than just adopting a piecemeal approach. This can be instilled through training, through creating business policies and even through careful selection at the Human Resources stage. It is also important for there to be enforcement mechanisms within the business so that ethics remain a forefront consideration in day-to-day trade to ensure a unified, morally sound approach to doing business.

## Code of Ethics

A code of ethics is established by a business to define acceptable behavior as well as establish high standards of business practice for the company. A code of ethics provides the business with an identity for developing best business practices, including appropriate workplace behavior.

## The Bottom Line for Business Success

If a company wants to make money, then the company must invest money. The same principle applies to keeping quality employees on staff and motivating them to do their job well. A good business owner or manager must value his or her employees as much as he or she values clients. Like any other investment, caring about employees will pay dividends, particularly when they are confronted with difficult decisions in which they can choose to benefit the company or perhaps unethically benefit themselves. A motivated and happy worker will choose the company every time.

## Basics of Business

In order to make a business succeed, the company must have a product or service that is in demand, they must be able to deliver what they are selling, and they must be able to make a profit. This is usually very complex, and requires careful planning and implementation.

Here are the major reasons most companies fail:

- inadequate profits
- poor planning
- insufficient initial capital
- too many operating expenses
- not controlling costs (poor financial management)
- disaster
- inadequate sales
- poor marketing including overestimating demand
- lack of management controls
- depending too much on a single client or individual
- poor decision making
- growing too fast
- not providing good service
- poor internal and external communication
- failure to adequately train staff

# BUSINESS STRUCTURES AND LEGAL RESPONSIBILITIES

**Sole Proprietorship**

A sole proprietorship is a business structure in which an individual and his/her company are considered a single entity for tax and liability purposes. The owner does not pay income tax separately for the company, but he/she reports business income or losses on his/her individual income tax return. The owner is inseparable from the sole proprietorship, so he/she is liable for any business debts.

**Partnership**

A partnership is easy to form and can provide additional financial resources. Two or more people share ownership of a single business. They each can hire/fire employees, borrow money and operate the business. Profits are taxed as personal income and the partners are personally liable for debts and taxes. Personal assets can be seized if the partnership does not satisfy their debts and obligations. When establishing a partnership, a written agreement is crucial to ensure equality and fairness.

**Corporation**

A corporation is owned by shareholders and is operated separately from its owners. This structure limits the owners from any personal liability. The board of directors is the liable body, although the stockholders may have to guarantee loans. Therefore, the corporate structure may be advantageous because it allows assets to be raised more easily through the sale of stocks and can continue to operate without direct owner involvement.

**Limited Liability Company (LLC)**

A legal structure that provides limited liability features of a corporation and plus the tax effectiveness and operational flexibility of a partnership, is called a Limited Liability Company. An LLC is viewed as a partnership for income tax purposes. Owners of Limited Liability Companies are called "members." These are comparable to stockholders in a corporation.

**Non-Profit**

An organization whose primary objective is to support or to actively engage in activities of public or private interest without any monetary profit is referred to as a Non-Profit or a Not-For-Profit organization (NPO). NPOs are active in a range of areas, including the environment, humanitarian aid, animal protection, education, the arts, social issues, charities, health care, politics, religion, research, sports or other endeavors and are usually operated by volunteers, compensated staff, or a combination of both. The more senior-level positions are compensated. NPOs are typically funded by donations from the private or public sources, or both.

# TOPIC 9B: GENERAL BUSINESS TERMINOLOGY

(Terminology: (http://www.nytimes.com/library/financial/glossary/bfglosz.htm)

A

**Accounting liquidity**
The ease and quickness with which assets can be converted to cash.
**Accounts payable**
Money owed to suppliers.
**Accounts receivable**
Money owed by customers
**Acquisition of assets**
A merger or consolidation in which an acquirer purchases the selling firm's assets.
**American Stock Exchange (AMEX)**
The second-largest stock exchange in the United States. It trades mostly in small-to medium-sized companies.
**Annual report**
Yearly record of a publicly held company's financial condition. It includes a description of the firm's operations, its balance sheet and income statement.
**Asset**
Any possession that has value in an exchange.

B

**Balance sheet**
Also called the statement of financial condition, it is a summary of the assets, liabilities, and owners' equity.
**Bankruptcy**
State of being unable to pay debts. Thus, the ownership of the firm's assets is transferred from the stockholders to the bondholders.
**Business Plan**
A plan will help establish your goals for your business, will help you determine service/product demand in the area you are located, explores the possible growth potential of an existing business, defines your customers and competition, and reveals strengths and weaknesses. It also aids in developing plans for the future. The plan is a dynamic document that will require you to review and update it often.

C

**Capital**
Money invested in a firm.
**Cash**
The value of assets that can be converted into cash immediately, as reported by a company. Usually includes bank
accounts and marketable securities.
**Cash dividend**
A dividend paid in cash to a company's shareholders. The amount is normally based on profitability and is taxable as income.
**Credit**
Money loaned.

D

**Debt**
Money borrowed
**Default**
Failure to make timely payment of interest or principal on a debt security

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**Dividend**
A dividend is a portion of a company's profit paid to common and preferred shareholders.

E

**Earnings**
Net income for the company during the period.
**Ethics**
A principle of right or good conduct

F

**Finance**
A discipline concerned with determining value and making decisions. The finance function allocates resources, which includes acquiring, investing, and managing resources.

I

**Income statement (statement of operations)**
A statement showing the revenues, expenses, and income (the difference between revenues and expenses) of a corporation over some period of time
**Inflation**
The rate at which the general level of prices for goods and services is rising.
**Interest**
The price paid for borrowing money. It is expressed as a percentage rate over a period of time and reflects the rate of exchange of present consumption for future consumption. Also, a share or title in property.
**Inventory**
For companies: Raw materials, items available for sale or in the process of being made ready for sale.
**Invoice**
Bill written by a seller of goods or services and submitted to the purchaser.

L

**Liability**
A financial obligation, or the cash outlay that must be made at a specific time to satisfy the contractual terms of such an obligation.
**Liquidation**
When a firm's business is terminated, assets are sold, proceeds pay creditors and any leftovers are distributed to shareholders.

P

**Profit**
The excess of income over expenditure, especially in business

S

**Stakeholders**
Include: employees including managers and executives, stockholders, board of directors, customers, suppliers, distributors, creditors, governments (local, state, federal, etc.), unions, competitors, and the general public
**Stock**
Ownership of a corporation which is represented by shares which represent a piece of the corporation's assets and earnings.

# GENERAL BUSINESS KNOWLEDGE
# BUSINESS STRUCTURES AND LEGAL RESPONSIBILITIES TEAM DISCUSSION

What are some advantages of starting your own business?

What are some disadvantages of starting your own business?

What is a company Code of Ethics?

Why do companies have a Mission Statement?

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# GENERAL BUSINESS KNOWLEDGE

## BUSINESS STRUCTURES AND LEGAL RESPONSIBILITIES TEAM DISCUSSION– ANSWER KEY

**Acceptable response will include:**

**What are some advantages of starting your own business?**

- Earn a better living.
- Greater feeling of control over work success and outcomes.
- Produce a quality product or offer a superior service.
- Assist with your retirement.
- You dislike working for other people.
- Working hours can be more flexible.
- Personal pride of ownership.

**What are some disadvantages of starting your own business?**

- Long working hours can cause physical and mental stress and strain.
- High levels of responsibility.
- You are usually the sole decision maker.
- Your income will vary and you may need to live on other income until the business is profitable.
- You may lose some employee benefits, such as holiday pay and sick leave.
- There may be hidden costs associated with your business.
- Greater responsibility with taxation and insurance such as public liability.

**What is a company Code of Ethics?**

A code of ethics is established by a business to define acceptable behavior as well as establish high standards of business practice for the company. A code of ethics provides the business with an operational identity which employees can use and develop for best business practices, inclusive of appropriate workplace behavior.

**Why do companies have a Mission Statement?**

A mission statement is a brief statement of the purpose of the company, religious group or organization. Companies will often use their mission statement as an advertising slogan; however, the primary intention of the statement is to maintain the awareness of the stakeholders regarding the purpose and values, products or services, responsibilities of the organization towards stakeholders, and objectives for accomplishing its mission.

# THE GREEN WORKPLACE

A greener workplace can mean a healthier and a more productive place to work. A "green" business strives to have a positive impact on the environment and community. It develops and practices business strategies that go beyond regulation and demonstrate commitment to a healthy and sustainable future. A green business adopts principles, policies, and practices that improve the quality of life for customers and employees. It means "environmental sustainability" which includes:

- Practicing Energy Efficiency and Renewable Energy
- Water Conservation
- Reduce, Reuse, Recycle
- Using Transportation Alternatives
- Sustainability Management

**Sustainability** is the capacity to endure

Below is a list of the most common practices of obtaining a green work environment:

- Advocating for environmental sustainability
- Carbon neutral living (a lifestyle that strives for zero carbon emissions)
- Energy-efficient buildings, products and practices
- Proper hazardous waste disposal to reduce toxins in the waste stream
- Life-cycle analysis to know what a product is made from, what its useful life will be, and how it will be disposed of
- Landscaping with plants that are native, perennial, and drought-resistant
- Management policies, procedures and practices that protect the environment
- Purchasing/Growing local/organic food to reduce pollution and the energy needed to transport it long distances
- Purchasing products made from recycled, sustainable, and non-toxic materials and reusing and recycling everything possible
- Renewable energy installation (after energy-efficiency goals are achieved)
- Transportation alternatives that reduce or eliminate fuel consumption
- Vegetated roofs and walls, and local gardens
- Waste reduction policies and procedures
- Water conservation

GBK27

# TOPIC C: THE GREEN WORKPLACE

## Value of a Green Workplace

Going green makes business sense. Natural resources are becoming more scarce and costly, while customers, employees and investors are increasingly environmentally-conscious. Customers admire green business practices and the demand for environmentally-friendly products is high and rising. During the past five years, purchase of green products has continued to increase and more consumers were willing to pay a higher price for green products if they were considered to be of higher quality.

Going green can be cost-effective, too. Even at the most basic level, programs that reduce, reuse and recycle frequently lead to cost savings. More expansive efforts offer a tremendous opportunity to reduce basic costs and can give a company a competitive edge.

Environmentally-conscious business practices help attract and retain the best employees by increasing employee satisfaction and pride in the workplace. Community involvement is also an important cornerstone for many companies, and green practices enhance public image, community relations and good will.

## Green and the economy

*"Taking a hard look and answering tough questions about a business' practices can save lots of dough. According to NRDC,* ***Bank of America*** *reduced the weight of its ATM receipts from 20 pounds to 15 pounds, saving paper, transportation, and storing and handling costs, to the tune of $500,000 a year."*

While economic recessions are difficult, they also provide a window for new business ventures and an opportunity to establish a new position within the market. Resources become more affordable, human resources are more abundant, and customers become more willing to reconsider suppliers and consider alternative products. This is a great time to go green and position a business as an environmental leader.

## The Formation of a Green Team

Just as more and more businesses are adding Sustainability Officers, growing numbers are developing employee "green teams" to help guide them on the green business path. A green team is a group of employees working to promote sustainable practices at the workplace. A diverse green team with upper management support can build initiatives based on individual, group and company capabilities and strengths. Green team initiatives can range from grass-roots efforts that focus on ways to improve internal operations, to more formalized programs and the development of policies and environmental management systems that provide a framework to measure progress, assess impacts,and continually improve results.

# TOP 10 GREEN OFFICE TIPS

These easy green office tips can help save energy, money and resources!

1. **Be bright about light:** Turn off the lights when you're leaving any room for 15 minutes or more and utilize natural light when you can.
2. **Maximize computer efficiency:** Each year, computers in the business sector waste $1 billion worth of unnecessary electricity. Program computers to go to sleep after 15 minutes of inactivity.
3. **Print smarter:** The average U.S. office worker goes through 10,000 sheets of copy paper a year. Use PDFs where possible and make sure printers are programmed to print on both sides of the paper.
4. **Responsible Disposal:** Any electronic waste that can’t be refurbished should be disposed of properly.
5. **Ramp up your recycling:** Almost any kind of paper you would encounter in an office, including fax paper, envelopes, and junk mail, can be recycled.
6. **Conserve Water:** Installing low-flow fixtures and aerators on faucets in your building will conserve gallons of water each year.
7. **Watch what (and how) you eat:** Provide reusable dishes, silverware, and glasses. Offer filtered water and encourage employees to avoid plastic bottles.
8. **Rethink your travel:** Take the train, bus, or subway when feasible instead of a rental car when traveling on business.
9. **Reconsider your commute:** Make it easy for employees to take alternative modes of transportation to get the office by subsidizing commuter checks, offering bike parking, or organizing a carpool board.
10. **Create a healthy office environment:** Use non-toxic cleaning products and brighten up your office with plants, which absorb indoor pollution.

## Are you ready to help your employer go green?



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# THE GREEN COLLAR WORKFORCE

Green-collar jobs—jobs dedicated to saving energy, producing renewable energy, or reducing pollution—can speed progress on two deeply-rooted problems at once: easing our dependence on climate-warming fossil fuels and fostering lasting, broadly-shared economic prosperity.

In the U.S., 5.3 million jobs have been created by individuals and companies practicing environmental management and protection, according to a 2006 study by Management Information Services Inc., a Washington, D.C., research firm that has been tracking green jobs for two decades.

Those jobs include such titles as chief sustainability officer, solar-panel installer and software engineer, on top of more traditional environmental careers in wastewater treatment and hazardous materials management. Those workers already make up a sizable part of the economy. The 5.3 million figure is almost half the number of people employed by hospitals, and nearly a third of the number in construction. It's 10 times the number of jobs in the pharmaceutical industry.

## How a Green Workforce Was Born

The U.S. House of Representatives passed an energy bill in August 2007 that included a provision directing millions of dollars toward training a "green" workforce.  The Green Jobs Act of 2007 supports a national and state program to train workers in areas such as bio-fuel development, energy efficient buildings, renewable power, solar panel installation and energy efficient cars. The program gives priority to workers impacted by federal energy and environmental policy, veterans, the unemployed and at-risk youths, among others. It could create three million jobs and help increase knowledge and skills vital to the growth of the renewable energy and efficiency industries.

Various sectors of business and industry need green-specific job training and workforce preparation for a steady supply of workers.  These sectors include construction, engineering, design, renewable energy sources, transportation and agriculture.

**Ready for something new in a career?**

**Consider these industries and green job development and training opportunities….**

Most green jobs today require at least a high school diploma and some college. As in any new industries, the requirements for positions in the green industries will require a set of skills and educational qualifications that are derived from other disciplines and fields. With the rapidly increasing demand for skilled labor to fill green collar jobs, many community colleges and trade schools across America are now beginning to offer training programs for green collar jobs, adapting educational programs and training choices from existing certificate programs, associate degrees, apprenticeships, technical education programs and service-learning protocols.

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For an employer, having sustainably-oriented employees offers several competitive advantages:

- **More inspired problem solving:** Employees trained in sustainability are more confident in developing business decisions and searching for innovative solutions when faced with problems related to climate change.

- **Increased desirability as an employer:** As a desirable green employer in your community, you'll have your pick of the green talent pool - individuals who already understand sustainability and have practice in maximizing people, planet, and profit through business strategy.

- **More flexible budgets:** Many employees who are committed to sustainable careers are amenable to flexible compensation and benefits, often preferring alternative transportation, flexible work schedules, and other low-cost benefits over an increase in cost of living.

- **Improved employee retention rates:** Many green companies these days boast low turnover rates compared to their non-sustainable counterparts. In a green workplace survey conducted by the Society for Human Resource Management (SHRM), 61% of those responding who work for an environmentally-conscientious company said they were "likely" or "very likely" to stay at the business because of those practices.

"…..going green…it just makes sense….."

# TOPIC D: WORKPLACE SKILLS

| SKILL REQUIRED | EXPLANATION |
|---|---|
| Ability to Change and be Flexible | In many businesses, management and workplace procedures change often. Employees need to be able to adapt to these changes. Remember, management and procedural changes are done with the intent of improving the business so that profits can be earned and workers can remain employed. Therefore, do not get caught up in the idea that there is only one correct way to accomplish tasks and only one way to run a workplace. If you believe a process change is ineffective, talk to your supervisor about it but do not argue; indicate your willingness to make the change and do not resist the change if that is the final decision. |
| Ability to Handle Stress | Many work environments are about deadlines and productivity. At times this creates a hectic, stressful workplace. You need to understand that deadlines and productivity measurements are in place because management has determined that they are needed to ensure a successful business. They are not created to make the life of a worker difficult. Keep in mind that the deadlines and productivity measurements may cause stress at first. Since others have been able to work effectively under those conditions, you will also learn to adapt to them. |
| Ability to Manage your Time Use Sound Judgment | Supervisors cannot watch all workers all the time. It is the job of all employees to use their time well when not being closely supervised. If your supervisor is busy with an assignment, it is not the time for you to slack off. It is the time for you to show your understanding of what it takes for a business to be successful (keeping you employed), by continuing to be productive. You can show your understanding of this concept by not only getting to work on time but by being prepared to start working the moment the work day begins. |
| Complete All Tasks Assigned | From a worker's perspective, you may feel that if you are on the job for 8 hours you should be paid for 8 hours. While that is true, think about a business where all workers show up for 8 hours, put in a hard day's work for the full 8 hours but never complete the tasks assigned to them. How long will that company stay in business? It is not enough, therefore, to just show up to work and work hard. You also must complete your tasks or the work was, in reality, for nothing. |

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# MANAGING THE WORKPLACE

A. List some items you learned from previous classes that a supervisor needs to manage to ensure that the workplace is an effective, harmonious, smooth-running work unit.

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B. Fill in the blank:

No matter how smoothly the workplace operates, no matter how great the employees perform their jobs, if the business does not _______________, then it will not be able to stay in business and employees will lose their jobs.

# MANAGING THE WORKPLACE ANSWER KEY

A. Acceptable responses include:

1. Staff can use computers effectively.
2. Staff can use fax machines.
3. Staff can use copiers.
4. Staff does not use computer, fax or copier inappropriately.
5. Staff can comprehend what they read.
6. Staff can use basic math functions.
7. Staff can write effectively and properly.
8. Staff provides quality customer service to external and internal customers.
9. Staff can listen effectively.
10. Staff has effective communication skills.
11. Staff can properly handle difficult customer situations.
12. Staff dresses appropriately for the workplace.
13. Staff is using all required safety equipment properly.
14. There are no personal grooming issues in the workplace.
15. There are no negative habits or mannerisms being displayed in the workplace.
16. Unscheduled absences and tardiness are not an issue.
17. Staff is being developed for future growth in the company.
18. No unethical behavior is being exhibited in the workplace.
19. Staff knows their roles and the role of the supervisor.
20. Staff follows written and verbal instructions accurately.
21. Staff responds positively to feedback on job performance.
22. Employees are getting along well with each other.
23. Staff shows sensitivity when dealing with diverse populations in the workplace.
24. Staff members work well as a team.
25. Staff demonstrates good problem-solving skills.
26. Staff demonstrates good creative-thinking skills.
27. Staff understands the company policies on raises, promotions and leaving the job.
28. Staff understands the importance of doing a good job for the company so they can remain employed.
29. Staff uses good judgment and uses good time management skills.
30. Staff completes all tasks.
31. Staff processes the skills necessary to operate effectively in a changing work environment.
32. Staff handles stress well.
33. Staff takes pride in its work.

B. Make profits



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# TOPIC E: BASIC MARKETING

| | |
|---|---|
| Price | Decisions have to be made as to pricing strategy. The pricing strategy combines factors such as how competitor's products are priced and the prestige the company wants its product to have. The automobile industry is a good example. If your product is a car, do you want to price it low and compete with numerous products where price is a major factor in the decision to purchase? Or, do you want to price it high where you compete with "top-of-the-line" vehicles and the decision to purchase is more about the product itself and the product's prestige? |
| Product | Product refers to the full offering, not just the item purchased. For example, at a Wholesale Club the product may be a computer, while at a Computer Store, the product is the computer plus the support. Products have to be well-defined so an appropriate pricing strategy can be set. |
| Promotion | This includes all avenues that inform consumers about the product and/or services offered by a company. Obvious avenues include TV, radio, newspaper, and magazine advertisements. However, promotion also extends to web sites, brochures, public relations getting the product/service in the media for free, salespeople, in-store displays, coupon books, product discounts, word-of-mouth, and more. |
| Distribution | These are all avenues where the product or service can be purchased. This includes retail and wholesale (where retailers get their product). In addition to retail stores, web sites and mail order, there are some other less obvious distribution channels. These include wholesaling (as previously mentioned, wholesalers are a distribution point for retailers and often keep the products in warehouses) and private label branding (i.e. you manufacture a VCR under your own company's name but also manufacture one with a slightly different look for a retail store to place their own name on and sell as their own brand). |

# COMPETENCY
# YOUR COMPANY 101 TEAM ACTIVITY

You and your team members will choose from the business scenarios below and must develop the following for your company:

- Mission Statement
- Vision Statement
- Values
- Sustainability Action Plan for Green Workplace
- Marketing Campaign

Company Scenarios:

A. A car company
B. A widget company
C. A temporary employment agency
D. An independently- owned drug store

As a team you will have 45 minutes to complete research of your chosen business type, to develop a company framework, and prepare to present this information to the class. You need to prepare to present this information in 15 minutes and answer the question, "Why should consumers do business with your company? What makes you unique and set apart from your competitors?"

# TOPIC F: BASIC FINANCE~BALANCE SHEET

**<u>Al's Hardware, Inc.</u>**
**Balance Sheet**
**December 1- 31, 2010**

| | |
|---|---|
| **Assets** | |
| Cash | $20,000 |
| Accounts receivable | $40,000 |
| Inventory | $30,000 |
| Plant and equipment | $90,000 |
| **Total Assets** | **$180,000** |
| **Liabilities** | |
| Accounts payable | $30,000 |
| Wages payable | $40,000 |
| Notes Payable | $60,000 |
| **Total Liabilities** | **$130,000** |
| **Owner's Equity** | **$50,000** |

**<u>Jan's KnickKnacks</u>**
**Balance Sheet**
**December 1- 31, 2010**

| | |
|---|---|
| **Assets** | |
| Cash | $18,000 |
| Accounts receivable | $25,000 |
| Inventory | $10,000 |
| Plant and equipment | $35,000 |
| **Total Assets** | **$88,000** |
| **Liabilities** | |
| Accounts payable | $52,000 |
| Wages payable | $10,000 |
| Notes Payable | $30,000 |
| **Total Liabilities** | **$92,000** |
| **Owner's Equity** | **($4,000)** |

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# BASIC FINANCE~INCOME STATEMENT

**Al's Hardware, Inc.**
**Income Statement**
**January 1, 2010, to December 31, 2010**

| | |
|---|---|
| **Revenue** | |
| Sales | $150,000 |
| Consulting fees | $30,000 |
| Interest income | $10,000 |
| **Total Revenue** | **$190,000** |
| | |
| **Expenses** | |
| Cost of goods sold | $50,000 |
| Salaries | $40,000 |
| Advertising | $10,000 |
| Rent | $20,000 |
| Utilities | $5,000 |
| Depreciation | $10,000 |
| **Total Expenses** | **$135,000** |
| | |
| **Net Income** | **$55,000** |

**Jan's KnickKnacks**
**Income Statement**
**January 1, 2010, to December 31, 2010**

| | |
|---|---|
| **Revenue** | |
| Sales | $120,000 |
| Consulting fees | $76,000 |
| Interest income | $42,000 |
| **Total Revenue** | **$238,000** |
| | |
| **Expenses** | |
| Cost of goods sold | $90,000 |
| Salaries | $60,000 |
| Advertising | $27,000 |
| Rent | $25,000 |
| Utilities | $8,000 |
| Depreciation | $30,000 |
| **Total Expenses** | **$240,000** |
| | |
| **Net Income** | **($2,000)** |