1. What is the role of business in the economy?
2. How has business evolved?
3. What is the role of non-profits in the economy?
4. What are the core factors of production?
5. What are the elements of the environment affecting business?
6. How are business trends impacting careers?
Business – *any activity that provides goods and services in an effort to earn profit.*

- Nonprofit organizations focus on causes not profit.

*In the last decade:*
- The players have changed
- What consumers want has changed
- How we buy has changed
Nonprofits and the Economy:
The Business of Doing Good

• **Profit** – *the financial reward that comes from starting and running a business.*
  
  – The money that a business earns in sales (or revenue) minus expenses.
The History of Business: Putting It All in Context

• The Industrial Revolution
  – Mass Production
  – Factories
  – Work Specialization
  – Efficiency

• The Entrepreneurship Era
  – Industrial Titans
  – Wealth creation
  – Increase in Living Standard
  – Competition
  – Exploitation

• The Production Era
  – Assembly Line
  – Refining Production
  – Productivity Gains
  – Decrease Costs
  – Hard Sell/No Customer Focus

• Marketing Era
  – Consumer Power
  – Growth in Consumerism
  – Product Differentiation
  – Customer Focus

• Relationship Era
  – Long-term Customer Relationship
  – Use of Technology
Factors of Production: The Basic Building Blocks

**Businesses rely on some combination of these factors:**

- **Natural Resources** – land, water, wind, minerals
- **Capital** – machines, tools, buildings, information, technology
- **Human Resources** – physical, intellectual and creative contributions of labor
- **Entrepreneurship** – people who take the risk
  - Entrepreneurship is a key factor.
  - Most growing economies support and promote entrepreneurship.
### EXHIBIT 1.1 The Richest Americans, *Forbes* Magazine

<table>
<thead>
<tr>
<th>Name</th>
<th>Net Worth</th>
<th>Source of Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Gates</td>
<td>$57,000,000,000</td>
<td>Microsoft</td>
</tr>
<tr>
<td>Warren Buffet</td>
<td>$50,000,000,000</td>
<td>Berkshire-Hathaway</td>
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<tr>
<td>Lawrence Ellison</td>
<td>$27,000,000,000</td>
<td>Oracle</td>
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<td>Jim Walton</td>
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<tr>
<td>S. Robson Walton</td>
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<td>Walmart</td>
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<tr>
<td>Alice Walton</td>
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<td>Walmart</td>
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<tr>
<td>Christy Walton</td>
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<td>Michael Bloomberg</td>
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<td>manufacturing, energy</td>
</tr>
<tr>
<td>David Koch</td>
<td>$19,000,000,000</td>
<td>manufacturing, energy</td>
</tr>
</tbody>
</table>

The Business Environment: The Context for Success

- Economic Environment
- Social Environment
- Competitive Environment
- Technological Environment
- Global Environment
The Business Environment: The Context for Success

- **The Economic Environment** – the state of the economy and current actions by government agencies and consumers

- **The Competitive Environment** – many companies competing on customer satisfaction
  - Leading Edge Products
    - Speed to Market
  - The Workforce Advantage

- **Technological Environment** – the World Wide Web and digital tools have transformed business and people’s lives
The Business Environment: The Context for Success

• The Social Environment
  – Diversity
  – Aging Population
  – Rising Worker Expectations
  – Ethics and Social Responsibility

• The Global Environment – the U.S. interacts with other economies across the world, especially as technology grows
Social Environment: U.S. Population Estimates

• Business will impact your life
• Your personal business skills will impact your financial success
• What is the role of business in the economy?
• How has business evolved?
• What is the role of non-profits in the economy?
• What are the core factors of production?
• What are the elements of the environment affecting business?
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