The Changing Face of Business
Learning Objectives

1. Define what is business.
2. Identify and describe the factors of production.
3. Describe the private enterprise system.
4. Identify the six eras in the history of business.
5. Explain how today's business workforce and the nature of work itself is changing.
6. Identify the skills and attributes needed for the 21st century manager.
7. Outline the characteristics that make a company admired.
What is Business?

- Profit-seeking activities and enterprises provide goods and services necessary to an economic system.
- Profit-seeking is the reward for business people who take the risk involved to offer goods and services to customers.

See Fortune 500 for a list of major U.S. companies.
Not-For-Profit Organizations

- Not-for-profit organizations are business-like establishments that have primary objectives other than profits.

- Although they place public service over profit making, they still need money to achieve their goals.

- These organizations are a major part of the U.S. economy.
Factors of Production

- Natural Resources
- Capital
- Human Resources
- Entrepreneurship

[Occupational Outlook Handbook]
The Private Enterprise System

- **Capitalism**
  - Adam Smith is the father of capitalism.
  - “Invisible Hand”

- Economic system determines business ownership, profits, and resources

- Rewards firms for their ability to serve the needs of consumers

- Minimized government intervention

- *Competition is the battle among businesses for consumer acceptance.*
Basic Rights in a Private Enterprise System

- Private Property
- Profits
- Competition
- Freedom of Choice
Entrepreneurship

An Entrepreneur:
- Is a risk-taker
  - Takes financial, personal, social, and career risks
- Sees a potentially profitable opportunity
- Devises a plan to achieve success in the marketplace and earn those profits
- Fuels the U.S. economy
- Provides innovation

Entrepreneurial thinking is important within large firms.
### Six Eras in the History of U.S. Business

<table>
<thead>
<tr>
<th>Era</th>
<th>Main Characteristics</th>
<th>Time Period</th>
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<tbody>
<tr>
<td>Clanolo</td>
<td>Primarily agricultural</td>
<td>Prior to 1776</td>
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<tr>
<td>Industrial Revolution</td>
<td>Mass production by semiskilled workers, aided by machines</td>
<td>1760–1850</td>
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<tr>
<td>Industrial entrepreneurs</td>
<td>Advances in technology and increased demand for manufactured goods, leading to enormous entrepreneurial opportunities</td>
<td>Late 1800s</td>
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<tr>
<td>Production</td>
<td>Emphasis on producing more goods faster, leading to production innovations such as assembly lines</td>
<td>Through the 1920s</td>
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<td>Marketing</td>
<td>Consumer orientation, seeking to understand and satisfy needs and preferences of customer groups</td>
<td>Since 1950s</td>
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<tr>
<td>Relationship</td>
<td>Benefits derived from deep, ongoing links with individual customers, employees, suppliers, and other businesses</td>
<td>Began in 1990s</td>
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Managing Relationships through Connections

- **Relationship Management**
  - Activities to build and maintain mutually beneficial ties with customers and other parties

- Relationship management depends on **technology**.
A partnership is an affiliation of two or more companies that help each other achieve common goals.

A strategic alliance is a partnership formed to create a competitive advantage for both parties (see Amazon).
Today’s Business Workforce

- Dedicated workers who can foster strong ties with customers
- Capable of high-quality production
- Able to compete in global markets
- Technically savvy
By 2030, the number of U.S. workers 65 or older will reach 72 million.

Many baby boomers are hitting the peak of their careers, while Generations X and Y are launching their careers.

Technology has intensified the hiring challenge by requiring workers to have ever more advanced skills.
Economists predict the U.S. labor pool could soon fall short by as many as 10 million people.

The two fastest-growing ethnic populations in the United States are Hispanics and people of Asian origin.

Employee teams with individuals of different genders, ethnic backgrounds, cultures, religions, ages, and physical and mental abilities are more effective.
Changes in the Workforce: Outsourcing

- **Outsourcing** is using outside vendors to produce goods or fulfill services and functions that were previously handled in-house or in-country.

- **Offshoring** is the relocation of business processes to lower-cost locations overseas.
Changes in the Workforce: Flexibility and Innovation through Collaboration

- Younger workers are looking to something other than work-comes-first
- Telecommuting and job-sharing
- Part-time and temporary workers are growing
- Collaboration is replacing working alone
- Value risk-taking and innovation
The 21\textsuperscript{st}-Century Manager

- Critical-thinking
- Creativity
- Ability to lead change
- Vision
Critical Thinking and Creativity

- **Critical thinking** is the ability to analyze and assess information to pinpoint problems or opportunities.

- **Creativity** is the capacity to develop novel solutions to perceived organizational problems.
Ability to Lead Change

- Guide employees and organizations through changes
- Managers must be comfortable with tough decisions.
- Factors that require organizational change can come from external and internal sources.
What Makes a Company Admired?

- Solid profits
- Stable growth
- Safe and challenging work environment
- High-quality goods and services
- Business ethics and social responsibility

Fortune’s list of Most Admired Companies
The Future of Business

- New Technologies

- Population Shifts
  - Emerging nations

- Shrinking Global Barriers
  - Trade, communication, transportation