

Business

Second Edition **An Integrative Approach**

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preface



We begin the preface to the second edition of *Business: An Integrative Approach* by thanking the many professors and students who used our first edition. You have shown by your comments that our integrated approach to business is indeed on the cutting edge and well reflects how businesses work in the contemporary world. We know that adopters of this text teach at a variety of schools; thus you have shown that the integrative nature to Introduction to Business courses works at all kinds of colleges and universities. We think you will agree that the second edition is even better than the first.

For those who have not used our book before, *Business: An Integrative Approach* represents a fresh approach to teaching the Introduction to Business course. While covering the most important topics found in traditional introductory textbooks, we present in this book a truly integrative approach. This framework captures the cross-disciplinary thinking of today's world and represents how progressive colleges and universities are beginning to teach the Introduction to Business course.

One of the major influences that caused us to write the first edition of this text was the strong movement among colleges and universities toward a more integrative curriculum and making courses within that curriculum more integrative. A greater influence, however, was our realization that this integrative approach is increasingly how successful businesses work. Today's businesses are eliminating barriers between functional departments and are seeking to become boundary-less organizations. They are using cross-functional teams and self-directed teams. They are operating on a much more customer-centered basis. They are using e-commerce to make a seamless connection between suppliers, producers, and customers. Managers are focusing more on the big picture and discouraging functional autonomy.

Accordingly, students of business need to understand how the whole business works and how the parts fit together. They need to understand how the business environment—financial markets, global competition, the legal and regulatory system, and the industry in which the firm operates—affects business decisions and actions. They need to realize that quality, teamwork, and technology apply across the board. For example, quality is no longer just the job of quality-control specialists buried within the production department. Technology is changing the way entire departments or companies operate. And teams are often the way to implement these changes.

We have personally used some of the traditional, functional silo texts that have been popular in the past. We are convinced that this second edition of *Business: An Integrative Approach* is truly the most integrative business text on the market.

Rationale for the Book

The Development of the Second Edition

Business: An Integrative Approach, Second Edition, has received considerable advice from faculty, students, and reviewers. The text has been used in Bradley University's Contemporary Business course since its inception. A number of faculty members have taught

the course, and hundreds of students have taken it. We have received an overwhelmingly favorable response from students. Faculty have also appreciated the book and have been more than willing to share suggestions for improving it. Outside Bradley University, nine professors reviewed the first edition. All gave valuable suggestions, and we have incorporated many of their ideas. In addition, we have made a number of changes suggested by the Irwin/McGraw-Hill editorial development team.

Strengths of the First Edition

Before detailing changes in the second edition, we need to call your attention to the features we have kept from the first edition. These were significant ideas or thrusts that students, faculty, and reviewers alike agreed added value to the book. Some of these follow.

- A positive upbeat view of business. We like to focus on the things that businesses do right rather than what they do wrong.
- A clear customer focus. We believe strongly that the customer determines how a business operates. Thus, we kept and even strengthened the customer orientation in the new edition.
- A clear emphasis on how the environment affects the way a business operates. For example, we devoted an entire chapter to diversity trends and issues. We are aware of no other textbook that does this. We also have a chapter on how industries operate and how a particular industry affects the business. We look in depth at the links between a business and its stakeholders, including a significant discussion of ethics. And we include the traditional topics of economics, globalization, financial markets and processes, and legal aspects of business. Instead of discussing them in a vacuum, however, we treat each of these by exploring how the forces really affect a business.
- A book that is as integrative as possible. We purposely tried to de-emphasize functional areas such as marketing, management, human relations, insurance, computerization, and accounting. In their places, we discuss communicating with customers, encouraging employee commitment, acquiring all kinds of resources, integrating technology into the business, and measuring results from a number of perspectives.
- The use of many examples of how businesses operate and tying those examples together as much as possible, while not building the book around a single case. We received favorable reaction to the use of three companies—Motorola, Southwest Airlines, and Brinker International (parent company of Chili's, Macaroni Bar and Grill, and other restaurant chains)—and the entire bicycle industry as focus examples. Each of the three companies is well known and respected, and the bicycle industry is sufficiently fragmented to allow us to feature smaller manufacturers and associated retailers. Each time we use one of the examples, we indicate it with either a company logo or a bicycle icon. This cues the student to think about the example and how it fits with other examples from that company or industry.

Despite the favorable response to the first edition, our readers offered a number of suggestions for the second edition. We listened carefully to what reviewers, faculty, and students had to say, and we accommodated many of their recommendations. Following are some of the salient changes we made in *Business: An Integrative Approach*.

Changes for the Second Edition

- *We made an entire chapter of “Indicators of Business Success.”* It is so very important for students to realize that there are many indicators of a successful business, in addition to the bottom line, that we dedicated an entire chapter, “The Big Picture,” to it. Part of studying business with an integrative approach is having the big picture as the primary focus rather than market share, compensation benefits, or return on sales.
- *We reinforced the big picture at the end of each chapter.* We close each chapter with a brief section called “The Big Picture.” This is not a summary. Rather it encourages the student to pause a moment to reflect how the topics covered in each chapter relate to the overall operation of a business. We believe that this adds value to the study of business by pointing all discussion toward the broader focus.
- *We linked the product development process with our in-depth discussion of quality in a single chapter.* We joined these two topics to highlight the importance that quality plays in product or service development. Quality must be covered from the very beginning and not be considered an add-on.
- *We expanded the discussion of enhancing value by communicating with customers.* Reviewers told us that we had given insufficient emphasis in the first edition to how a firm’s communication with customers adds value to products or services. We agreed.
- *We expanded our discussion of the role of technology in today’s companies.* The importance of electronic commerce has grown substantially since the publication of the first edition. Thus, we have dedicated an entire chapter to the role of technology. A substantial part of that chapter discusses the various forms of e-commerce. It is exciting material that illustrates some of the amazing changes we see in technology today.
- *We added vignettes titled “From the Pages of Business Week” at the end of each chapter.* These adaptations of recent *Business Week* articles provide an excellent opportunity for students to read about real-world examples that relate to the chapters.
- *We thoroughly updated the text.* Using the Internet ourselves, we have updated virtually all the statistics used in the text to include the latest possible information. We estimate that more than 80 percent of all references, charts, and captions are from 1998, 1999, or 2000. To ensure that the Web addresses we have used remain current, we’ve placed those from the first edition along with new ones in this edition on our Irwin/McGraw-Hill website, allowing us to add or change information on the website that could not be changed in the book itself.

We have included features throughout the second edition of *Business: An Integrative Approach* that we believe provide an optimal learning experience for students. Each of these is a significant improvement over traditional Introduction to Business textbooks. We highlight some of these here.

Special Features of This Book

Conversational Writing Style

This book is meant to be direct and engaging for students. We have kept the writing conversational in tone. Student feedback has encouraged and offered strong support for this approach. Students have commented that the book is highly readable. We have been careful to write a book that is theoretically sound, yet able to hold the attention of students.

An Integrative Model

We developed a model that guides students throughout the entire book. We feel that this model helps integrate the material throughout the book and shows how the different aspects of a business and its environment interrelate. To maximize the effect of the model, we build the model piece by piece in Chapter 1 and then illustrate it with a Trek bicycle example. We then repeat the model at the beginning of each part to remind readers of and reinforce the integrative nature of business. The model helps students tie concepts together.

The value of the integrative model is seen from the beginning to the end of the book. Discussion throughout the text refers back to the model. In addition, Chapter 18, “Measuring Performance,” uses measurement perspectives that parallel the indicators of business success discussed in depth in Chapter 2.

Internet Addresses and Exercises

The Internet addresses of virtually every business referred to in the text, along with those of other well-known businesses, are included on the Irwin/McGraw-Hill website. Students will find it informative to visit company websites. Exercises at the end of each chapter also include at least one exercise that encourages students to explore the Internet and learn from this important resource. We encourage students to use the World Wide Web to gather information for this course and become accustomed to using this valuable source of information.

Customer Focus

By design, this book has a strong customer focus. In our integrative model, we demonstrate the significance of knowing customer needs and continually moving the business toward fully meeting those needs. This customer focus is emphasized throughout the text. Chapter 13 discusses the need to survey customers as part of the product development process. In the following chapter, we discuss communicating with customers. And in Chapter 18, we discuss measuring performance from a customer perspective.

Diversity Focus

No other Introduction to Business text allocates an entire chapter to diversity and diversity management. We want students to understand the changing face of the workforce and marketplace. We also want them to understand the impact that these changes hold for businesses. Finally, we want them to understand the complexities of managing diversity.

Change and Innovation Focus

Today's business students must view innovation and changes as a necessity of business competitiveness. This theme is introduced in Chapter 1 and it is emphasized throughout the text. Departing from other texts, we devote an entire chapter to the issues of creativity, innovation, and change.

Focus on Technology

Technology is revolutionizing the business world. We devote an entire chapter to addressing key technology themes, including extensive discussion of the single topic of e-commerce. We believe that this is the best discussion of e-commerce in Introduction to Business texts today. However, we emphasize the role of technology throughout the text and furnish many examples to illustrate how companies employ technology. We want students to recognize that technology is a tool that encourages better business practices and enhances competitiveness across all areas of business.

Globalization Focus

It is easy and rather trite to tell students that today's businesses compete in a global marketplace. We are committed to helping students understand the opportunity and complexity of that statement. Although we devote a separate chapter to the impact of globalization, we emphasize international issues throughout the text. For example, we help students to see why many of today's businesses must view their operations from a global perspective and to understand how a business might actually become a global player. We also help students see the cultural and operational complexity that global activities can bring to a business. It is our hope that students will have a much fuller and richer sense of the dynamics of the global marketplace after studying this text.

Focus on Teams

Today's businesses are increasingly moving toward team decision making. We agree with this trend and have integrated the team concept throughout the book. In addition to treating teams in a number of chapters, the exercises and applications at the end of each chapter include assignments involving teams. We think it is imperative that students learn to work in teams at this early stage in their academic career.

Quality Focus

Contemporary businesses focus heavily on quality. We have also adopted this as a key issue. Quality is so important that we discuss it in depth a number of times in addition to highlighting its importance throughout the text. We include quality as one of the indicators of business success (Chapters 1 and 2), a key part of strategy (Chapter 12), a part of developing quality products (Chapter 13), and a subject of performance measurement (Chapter 18).

Decision Making Focus

Few texts devote an entire chapter to the discussion of decision makers and the decision-making process. Students need to know who makes each type of decision in a business

and how those decisions are made. We think this adds to the integrative nature of the text by helping students better understand how a business operates and what kinds of decisions must be made so it can operate efficiently.

Ethical Focus

This book contains the most thorough coverage of business ethics available from any introductory text. Chapter 5 has a detailed discussion of moral dilemmas and ethical decision making. Students will recognize why ethical practice makes sense. They will learn how businesses encourage ethical behavior. They will learn how decision makers must deal with tough options to make the proper choices. We visit ethics throughout the text, including a discussion of ethics in the global arena as well as the relationship between ethics and government regulation. We want students to understand that ethical decisions are the responsibility of people in all areas and at all levels of a business.

Entrepreneurship Focus

We focus on entrepreneurship and small business issues throughout the book. Many of our examples highlight smaller businesses so that students can gain exposure to this important part of the economy. As part of our integrative approach, however, we purposely do not have a separate, stand-alone chapter on small business. Rather, we include the significance of small business in Chapter 3 (“The Scope of Contemporary Business”) and in Chapter 4 (“Decision Makers and Decision Making”). In addition, we have included an appendix on our Irwin/McGraw-Hill website on how to do a business plan. This is especially useful for those students thinking about starting their own business.

Pedagogical Features

We have included a number of pedagogical features that will facilitate the learning and retention of material. Special features include:

Learning Objectives

It is important to begin each chapter with an understanding of the goals of the chapter. Thus, we introduce the chapter with a brief vignette and then introduce five or more learning objectives. These objectives guide the presentation of the material. A learning objective is provided for each major heading of the chapter.

Opening Vignettes

Each chapter begins with an opening example that serves to introduce some of the key dimensions of the chapter. We have chosen business examples that are interesting, thought-provoking, and contemporary. Many feature small businesses or entrepreneurial ventures.

Developing Your Critical Thinking Skills

At the end of each major topic within a chapter, students are asked a series of critical thinking questions. Although these questions are related to the topical material covered

in the section, the questions are designed to be expansive and thought-provoking. These encourage thinking beyond the printed material, helping students understand how the material fits together, and how it can be applied to business situations. These questions also serve as good discussion generators in the classroom.

Cross-Referencing System

Key concepts are identified and cross-referenced throughout the book. This enhances the integrative themes of the book. For example, students learn that outsourcing affects strategy decisions, resource decisions, and operational and production decisions, and is a key factor in efficiency and cost control. They see that teams affect decision making, impact the design of organizations, and have motivational influences on the people in the organization. The cross-referencing system helps students see where the major discussion of a key concept occurs. Whenever students encounter a key concept, a reference note in the margin will point them toward the main discussion of the topic. Bold page numbers in the index indicate the source of a fuller discussion. This system helps students as they study the topics and use the book to its fullest potential.

New! The Big Picture

New to the second edition is a brief section at the end of each chapter that reinforces how the topics of that chapter relate to the overall operation of a business. These sections are not simply summaries; rather they help students see a business more appropriately as a holistic system, not as distinct parts only mildly related.

Integrative Summaries

The chapter summaries are linked to the learning objectives introduced at the beginning of each chapter. Students are provided responses that highlight the key themes and serve as a check on their learning.

Key Terms

Important terms in each chapter are set in boldface. Definitions of key terms are placed in the margins to highlight them. Key terms are repeated at the end of each chapter so students can easily identify and study them. Finally, each key term is listed in the glossary at the end of the book.

Real-World Examples

Students will appreciate the vast array of real-world examples in this book. We have selected examples that show the range and complexity of business. Small, midsized, and large businesses are all represented, as are nonprofit organizations. We have chosen companies students will recognize and enjoy reading about. These examples not only enhance the readability of the text, but are wonderful ways of demonstrating important points so students can relate to and remember the themes being stressed.

Focus Examples

Faculty reviewers and students have expressed interest in a continuous case or example to illustrate concepts throughout the text. At the same time, we realize that focusing on a

single company becomes tedious and boring. We have captured the benefit of a continuous case without the boredom by using our focus examples. We selected three easily recognizable companies—Motorola, Southwest Airlines, and Brinker International—and the entire bicycle industry. These examples highlight the application of material, provide continuity, and pique the interest of students. We have updated these in the second edition, including, for example, Motorola's acquisition of General Instrument in January 2000.

Exercises and Applications

Each chapter has a series of exercises and applications that relate to the material presented in the chapter. Some of the exercises and applications are to be carried out by teams; others require individual research or reflection. Some suggest a brief writing assignment. Each chapter contains an Internet exercise. The exercises and applications were carefully designed to encourage further exploration of the chapter themes, to draw on student experiences, to move the student beyond the textbook and encourage interaction with the business community, and to generate some fun.

New! From the Pages of *Business Week*

Each chapter concludes with a discussion adapted from a recent *Business Week* article that illustrates one or more topics discussed in the chapter. These discussions do three things: (1) they get students acquainted with the topics in an excellent business periodical; (2) they illustrate how real-world companies react to current problems; and (3) they provide a series of questions designed to encourage students to think about these real-world companies and their problems. The questions make excellent discussion generators in class or assignments outside the classroom.

Instructor Support Material

Instructor's Manual and Video Guide

(ISBN: 007-236768-7)

The Instructor's Manual and Video Guide prepared by the authors includes many valuable tools for teaching an integrative course, including expanded chapter outlines and teaching suggestions, a teaching strategy for each chapter, and links to other chapters. Along with these unique features, the Instructor's Manual includes a Video Guide containing the five-part cases that enhance the Integrative Video Case on Specialized Bicycles, and additional cases on the select chapter videos. These cases go beyond the scope of the actual video and are intended to develop and increase a student's understanding of the material.

Test Bank

(available on Instructor's CD-ROM and the text website)

Our thanks to Mary Meredith of the University of Louisiana–Lafayette for writing a top-notch Test Bank for the second edition. It includes at least 90 true/false, multiple choice,

and essay questions designated with the degree of difficulty for each chapter. The Test Bank will be available on the Instructor's CD-ROM and on the text's website for downloading.

Computerized Testing for Windows

(ISBN: 007-236772-5)

A computerized version of the Test Bank allows instructors to generate random tests and to add their own questions.

PowerPoint Presentation

(available on Instructor CD-ROM and the text website)

and Color Acetates

(ISBN: 007-236774-1)

We also thank Bob Muir of Coastal Carolina Community College for providing the PowerPoint Presentation slides that he developed for his own classroom. Each chapter contains 15 to 20 slides for use in the classroom or as handouts and are packaged ready to show with a Windows installation program and a slide viewer. No additional software is required, but the presentation can be modified with Microsoft PowerPoint for Windows. One hundred of these slides were chosen for the color acetates.

Instructor's Presentation CD-ROM

(ISBN: 007-239197-9)

This is state-of-the-art technology that provides a single resource for faculty to customize in-class presentations. This CD-ROM contains:

- Instructor's Resource Manual
- Test Bank
- PowerPoint Classroom Presentation Software
- Video Clips
- Special Presentation Platform that allows faculty to build classroom presentations in sequence using the resources from the CD.

Videos

(ISBN: 007-236773-3)

Featured with this edition are an Integrated Video Case Series on Specialized Bicycles and video segments specific to certain chapters. With a running time of 5 to 10 minutes for each program, the Integrated Video Case Series focuses on aspects of business found in each part and how these areas work across the business. If you would like more information on the video offerings, please see our website at the following address.

Website: www.mhhe.com/fry2e with Instructor Online Learning Center

A resource for faculty and students, our website contains information to enhance the lectures and student learning. Along with a sample chapter, major features of the text, and biographical information about the authors, our website contains downloadable supplements for your convenience, sample syllabi from the authors and your peers, links to articles with synopses and relevant discussion questions, links to national and international news (under Student Resources), and a bulletin board for you to ask questions and share teaching ideas with other professors teaching the Introduction to Business course.

Student Resources

Mike's Bikes Business Simulation

This CD-ROM provides the user/student with the opportunity to run Mike's Bikes—a bicycle manufacturer—and simultaneously learn about the strategy, marketing, product development, operations, finance, and accounting issues of a real business. The user/student becomes a manager in a bicycle firm where he or she has to make decisions that will increase shareholder wealth. You can run the game and utilize all these facets of business, or choose those on which you prefer to focus. If you'd like more information on Mike's Bikes, you can go to: <http://smartsims.com/simulations/mikes.bikes/index.asp> or link directly from our text website (the address is below). Please ask your Irwin/McGraw-Hill Sales Representative how you can package the CD with the text for your students.

Website: www.mhhe.com/fry2e with Student Online Learning Center

The Student section of the website houses many interactive resources, including online quizzes, Internet exercises, links to *Business Week*, a Career Corner, and Updates to the Text. Along with these assets, we introduce the **new e-Learning Session** for the Fry/Stoner/Hattwick website. A “road map” for studying, the e-Learning Session is an outline of the text with interactive links to animations, PowerPoint slides, video clips, and instant quizzing to further the enhancement of the learning process for the student.

acknowledgments



We are indebted to a number of people who have helped make the second edition of *Business: An Integrative Approach*, even better than the first edition. A key group were faculty members in the Foster College of Business Administration at Bradley University who used the first edition and then willingly gave us their input. These included Doan Modianos, Mitch Griffin, Patty Hatfield, Joyce Shotick, and Vince Showers.

Second, we are grateful to the nine professors who formally reviewed the first edition. Some had used the book; others had used competing books. All gave us good advice, and we included many of their recommendations. The reviewers were:

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Mankato State University

John Antsey
University of Nebraska–Omaha

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Southwest Missouri State University

Kitty Campbell
Southeastern Oklahoma State University

Ron Cereola
James Madison University

Lizbeth Ellis
New Mexico State University

Mary Gorman
University of Cincinnati

Mary Meredith
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Bob Muir
Coastal Carolina Community College

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Finally, we each owe thanks to our spouses, Lois, Julie, and Nazareth, for their patience and understanding throughout the project.

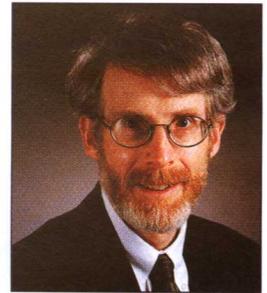
meet the authors

Fred L. Fry is a Professor of Management in the Foster College of Business Administration at Bradley University. His Ph.D. is from Oklahoma State University. He has taught a variety of business classes including Contemporary Business, Introduction to Business, Entrepreneurship, Small Business Management, Management of the Non-profit Organization, and Strategic Management.

Dr. Fry's research has centered around entrepreneurship and small business management. He has published over forty articles and papers in journals such as *Business Horizons*, *Journal of Small Business Strategy*, *Journal of Small Business Management*, *Business Forum*, *Personnel*, and *Journal of Behavioral Economics*, and at national and regional professional conferences. Dr. Fry is Vice President—Publications of the United States Association of Small Business and Entrepreneurship. He has written three other books, *Entrepreneurship: A Planning Approach* (1993), *Strategic Planning in New and Emerging Businesses, 2/e* (1999), and *Strategic Planning in the Small Business* (1987). The last two of these were co-authored with Charles Stoner.

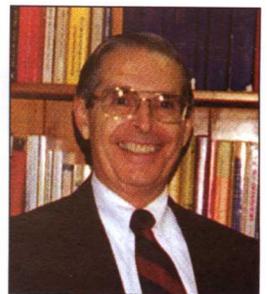


Charles R. Stoner is the Robert A. McCord Professor of Executive Management Development at Bradley University. He is also chair of the Management Department in the Foster College of Business Administration at Bradley University. His D.B.A. is from Florida State University. He has published over forty articles and papers in journals such as the *Journal of Occupational Psychology*, *Journal of Business and Psychology*, *Journal of Applied Business Research*, *Business Horizons*, *Journal of Small Business Management*, *Journal of Services Marketing*, *The Journal of Marketing Management*, and the *International Journal of Management*. His research has focused on diversity management, women in management, team and interpersonal dynamics, telecommuting, and small business management. He co-authored *Strategic Planning for New and Emerging Business, 2/e* (1999) and *Strategic Planning in the Small Business* (1987) with Dr. Fry. His course teaching includes Contemporary Business, Organizational Behavior, Leadership and Interpersonal Dynamics, and Management Theory. Dr. Stoner has done extensive consulting in the areas of team dynamics, organization culture, conflict resolution, leadership, and family business. Much of his consulting has been with CEOs of large and mid-sized companies.



Richard E. Hattwick is a Professor of Economics in the College of Business and Technology at Western Illinois University. He teaches a variety of courses for majors in both business and economics. Dr. Hattwick holds a Ph.D. in Economics from Vanderbilt University. He has taught economics to business and economics students at the University of Houston, University of Colorado, State University of Guanabara (Brazil), and Vanderbilt University in addition to teaching at Western Illinois University. For 23 years he served as director of the Center for Business and Economic Research at Western Illinois University.

Dr. Hattwick is the founder and current editor of the *Journal of Socio-Economics*. He is also the founder and president of the Illinois Business Hall of Fame and serves as the current president of the American National Business Hall of Fame. Dr. Hattwick is the author of numerous business leadership articles and is a frequent guest lecturer on business ethics and business history at various universities.



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