



CONTEMPORARY BUSINESS

1997 Edition

Louis E. Boone
David L. Kurtz

CONTEMPORARY BUSINESS

1997 EDITION

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PREFACE

**WINNER OF THE
1994 WILLIAM HOLMES MCGUFFEY AWARD FOR
EXCELLENCE & LONGEVITY**

CONTEMPORARY BUSINESS, BY BOONE AND KURTZ

Contemporary Business was awarded the first William Homes McGuffey Award for Excellence and Longevity in 1994 by the Text Academic Authors Association, Inc. (TAA). The selection was made by a panel of judges who themselves are noted textbook authors in business. The award recognizes *Contemporary Business* as one of the best college textbooks published in the past half-century and the authors' contribution to the education of today's business leaders.

"How do you win the McGuffey Award?" This question brings to mind the old story of the first-time visitor to New York city who asked a passerby, "How do you get to Carnegie Hall?" The answer: Practice, practice, practice!

For the past two decades, we have worked unceasingly to make each new edition of *Contemporary Business* better than the previous one. First, we listen. We seek advice from colleagues throughout North America and from their students. We visit dozens of campuses each year, gathering feedback from instructors and students. Their suggestions and criticisms serve as focal points in discussions between the authors and publisher about ways to enhance the value of each new edition.

Next, we experiment. We try out ideas, new approaches, and new assignments in our own classes. As full-time classroom teachers of the first business course, we benefit from knowing firsthand just how effective a new assignment, a new chapter, or a new approach is. Our own students give us this feedback on a daily basis. This hands-on experience by the authors is lacking in most other introductory business texts, which are typically written by authors who teach in other disciplines.

Finally, we evaluate the results of our experiments, decide on the changes that should be made, and implement them in each new edition. Our guiding credo is, "First we will be best, then we will be first."

The result of this effort is a book that combines quality with customer satisfaction. We are gratified in knowing that our colleagues have made *Contemporary Business* the number-one choice by a margin of two to one over the second-place text. The book is

BUSINESS & MANAGEMENT

COORDINATOR: DR. LOUIS E. BROOKE, BMSB 5-D, 460-6009

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currently being translated into Russian to serve as the cornerstone of the nation's emerging business-education programs.

BOOK FEATURES

If imitation is truly the sincerest form of flattery, *Contemporary Business* has received a host of accolades. A quick review of newly-released competitive texts reveals how closely the text model established in previous editions is followed by other authors. The typical competing business text will contain a virtually identical listing of chapters and a text design that includes the successful innovations of our previous editions. Because of this "innovate, then watch others imitate" pattern, teachers of basic business courses anticipate each new edition of *Contemporary Business* as a model for future editions of other texts. The new edition will not disappoint them.

The fundamental changes occurring in today's business world, changes that will affect our lives as we enter the new century, are thoroughly examined in the new edition. Terms appearing regularly in daily news reports are integrated with the business concepts in the text. Examples include:

- | | |
|--------------------------------------|-------------------------------|
| ■ the Internet | ■ critical thinking |
| ■ interactive media | ■ downsizing |
| ■ information superhighway | ■ narrowcasting |
| ■ empowerment | ■ home-based work |
| ■ outsourcing | ■ competitive benchmarking |
| ■ customer satisfaction | ■ GATT and NAFTA |
| ■ integrated marketing communication | ■ on-line computer services |
| ■ strategic alliances | ■ technology |
| ■ workplace diversity | ■ cross-functional teams |
| | ■ reinventing the corporation |

Another feature of the new edition is currency. *Contemporary Business* is as up-to-date as today's publishing technology allows. The result is a finished product that offers examples as recent as:

- devaluation of the Mexican peso
- rumblings in the U.S.-Japan trade wars
- the Oklahoma City terrorist bombing
- impact of the O. J. Simpson case on the use of celebrity endorsers.
- danger of derivatives as an investment vehicle.

FEWER CHAPTERS AND FEWER TEXT PAGES

A continuing complaint from both students and instructors is that introductory business texts are simply too long. Over the past two editions, we have reduced the number of chapters from 24 to 20. We have also addressed the requests of professors for a more concise book by reducing the length of the new eighth edition by 100 pages.

The new 20-chapter text has been created by condensing materials in four chapters and adding two new chapters—for a new edition two chapters shorter than the previous one. The changes include the following:

- The Process of Management and The Internal Organization, formerly Chapters 7 and 8, are combined in a single chapter entitled Management and the Internal Organization.
- Chapter 19, Financial Management and Institutions, now covers the discussions previously divided into two chapters: financial management and money, banking, and financial institutions.

- The previous edition's chapter on risk and insurance is now condensed in Appendix B.
- Subjects previously covered in a separate chapter on human relations have been integrated into three chapters devoted to human resource management, teamwork and communication, and labor-management relations.

Two new chapters have been added to this edition of *Contemporary Business*: Chapter 7, Total Quality Management, and Chapter 10, Teamwork and Communication. These subjects are vital to business today. Coverage includes approaches used by successful organizations in today's changing business environment.

NEW TOTAL QUALITY MANAGEMENT CHAPTER

Another first for this edition is a separate chapter on the role of quality in business success. Instead of a narrow conception of quality as affecting only production processes, this new chapter shows how total quality management can be applied throughout the organization, from human resource management and finance to marketing and information. The importance of employee involvement, empowerment, training, and teamwork in achieving world-class quality to provide customer satisfaction is examined as well. Current examples of quality programs and approaches in organizations are integrated thoroughly throughout the text.

NEW TEAMWORK AND COMMUNICATION CHAPTER

Another first in this new edition of *Contemporary Business* is the addition of an entire chapter devoted to two fundamental concerns of today's business executives: the shift of organizations to working in teams and the importance of effective communication. Coverage includes work teams and special-purpose problem-solving teams, cross-functional teams, team development, conflict resolution, oral and written communication, verbal and nonverbal communication, and communication technology.

NEW EMPHASIS ON TECHNOLOGY IN INFORMATION SYSTEMS

Chapter 17, Information for Business Decisions, has been completely revised to reflect the increasing number of innovations in the information industry. The Internet and on-line information services such as CompuServe, Prodigy, and America Online are common tools in daily operations, and their growth is expected to transform business as we know it by increasing communication between people and organizations throughout the world. Obviously, information and the technologies that bring it to us are a necessary part of any introductory business course today.

NEW CONCEPTUAL APPROACH TO THE ACCOUNTING CHAPTER

In direct response to reviewer requests, the chapter on accounting is written with an emphasis on the more contemporary conceptual approach as opposed to the traditional procedural approach. No longer do students memorize basic rules and procedures. The chapter has been completely rewritten to reflect the most modern teaching methods at colleges and universities across the country.

NEW INTERNATIONAL INDEX

Three years ago, *Contemporary Business* was the first text to place the international chapter early in the text and to thoroughly integrate international examples. Now it is the first to include a separate International Index at the end of the text. This index provides an easy way for students and instructors to locate specific international examples in the text. Chapter 3, Global Dimensions of Business, is still placed early in this eighth edition, and international examples are still thoroughly integrated throughout the text.

NEW FEATURE BOXES

Three new boxes, which focus on current issues and concepts in the chapters, appear throughout the text. Their titles reflect their topics:

- Strength in Diversity, which highlight *all* aspects of diversity, not just cultural, in the business world.
- A Broader Purpose, which spotlight current issues relating to ethics and social responsibility.
- Business in Action, which focus on current events in the business world.

NEW PEDAGOGY—MORE OUTCOME-BASED AND SKILL-ORIENTED

The pedagogy has been strengthened to focus on more outcome-based learning and on developing individual and team skills.

- *Achievement Check Summary*: This new feature, appearing at the end of each chapter, is an innovative approach to the traditional summary. Students are provided with a mini-quiz tied to the chapter learning goals. This question-and-answer format provides a more interactive and creative method for reviewing key chapter concepts than just reading a summary would.
- *Questions for Critical Thinking*: Each of the boxes ends with questions that force students to tie concepts discussed in the chapter to the story in the box. Critical thinking questions also help students develop analytical skills while considering specific business situations.
- *Team-Building Exercises*: These exercises appear at the end of each part and are designed to encourage students to work in teams to solve business issues or to complete business-related exercises. The Team-Building Exercises are also tied directly to specific content materials covered in each part to reinforce the concepts discussed therein. We extend special thanks to Stacey Sims, Hal Babson, Murray Brunton, John Bowen, and University Associates for their contributions to the development of this new feature.
- *Video Cases*: Many of the popular Video Cases are new to this edition; some have been entirely revised to reflect current changes in the organization and its environment. Each chapter ends with a video case that brings to life the material in the video itself.
- *Careers in Business* and *Career Design Exercises*: These features of *Contemporary Business* have proven themselves to be a valuable resource for business students and instructors alike. For this reason, they still appear at the end of each part to get students thinking about their future career choice and help them prepare for it.

NEW INFO-GRAPHIC DESIGN

An exciting and innovative new text design includes contemporary info-graphic artwork. These info-graphics are used in selected tables and figures to help students better visu-

alize information. At least one info-graphic appears in each chapter and provides students with a more useful and creative way to understand and remember the information presented.

NEW FOCUS ON SKILLS—SCANS (Secretary's Commission on Achieving Necessary Skills)

This edition also contains all of the elements needed to provide the essential skills to students outlined in the SCANS report. The need to connect classroom theory and information with real world examples, experience, and problem solving is imperative. The SCANS' purpose is to facilitate the infusion of workplace skills into every classroom. The interactive pedagogy in this text includes: Learning Goals, Opening Profiles, Critical Thinking Questions, Side Issues, Key Terms, Photo, and Illustration Essays, Interactive Summaries, Practice Cases, Video Cases, Career Profiles, Team-Building Exercises, Career Design Exercises, and Career Design Software.

THE LEADER IN CURRENCY

Contemporary Business is the most current introduction-to-business text available. All opening vignettes, references, and boxed items have been updated and revised to reflect the most current facts available today. For Example, *Contemporary Business's* (eighth edition) chapter 4 on social responsibility and business ethics contained a boxed profile on Ben & Jerry's and its unique approach to management, marketing, and running a large company. This new 1997 edition also features Ben & Jerry's—but takes it one step further to bring out the serious issue of a company's responsibility to ethics and the information it provides to its consumers. The authors have researched periodicals that are less than a year old to thoroughly update their information for this and numerous other text items.

CAREER PREPARATION

Contemporary Business continues to integrate career information into the text in response to comments from students and instructors at dozens of colleges and universities. As the authors visited campuses during the past three years, students throughout the United States and Canada expressed their concerns about finding jobs after graduation. These concerns are important enough to deserve a major commitment to addressing them. This new edition includes career features from the previous edition as well as a new career exercise on CD-ROM.

Students of the late 1990s are pragmatic. They know how important it is to prepare early for a career, to match their individual abilities and interests to specific career alternatives, and to create an academic plan to help them secure that first job on their career path. But they need help in accomplishing this objective.

The first business course is a perfect setting in which to begin career preparation. As the student is exposed to many different aspects of the world of business throughout the course, he or she also can begin to consider which areas represent potential careers. In addition to a description of popular business careers in Appendix A, we have included profiles of recent graduates who have begun successful careers in different business disciplines. We also provide *Career Design Software*, which includes résumé and self-assessment tools. Eric Sandberg, a business professor for 12 years and current president of Career Design Software, designed this product and created special data sets for it based on extensive interviews with business executives.

The Career Design Exercises included in the software will help the student decide on a major; identify strong skills; determine whether starting a business may be the most appropriate career path; create custom résumés that will stand out from others; and

develop communication skills by organizing thoughts through writing. These materials are fully integrated with the text, require no special preparation by the instructor, need no special equipment, and—best of all—can be packaged with each copy of the textbook.

INSTRUCTIONAL RESOURCE PACKAGE

The Dryden Press has spared no expense to make this the premier learning system on the market today. Many instructors with limited resources teach large classes. Supplementary materials provide a means of expanding and improving the students' learning experience. The teaching/learning package provided with the book is designed to meet the needs of instructors facing a variety of teaching conditions and to enhance students' experience in their first business course.

INSTRUCTOR'S RESOURCE MANUAL, VOLUMES I AND II

Over the past 20 years, the Instructor's Resource Manual has been transformed into one of the most relied-upon tools of the entire supplement package. Every effort has been made to produce a guide that not only follows the materials in each chapter, but also enhances teaching by providing real-world examples of the concepts therein. The following sections are included for each text chapter:

- Changes from previous edition
- Annotated Learning Goals
- Lecture Outline
- Lecture Illustration File
- Answers to Critical Thinking Questions
- Answers to Review Questions
- Answers to Discussion Questions
- Answers to Video Case Questions
- Supplemental Cases
- Instructor's Notes for Team-Building Exercises
- Controversial Issues
- Experiential Exercises
- Guest Speaker Suggestions
- Term Paper Suggestions

ELECTRONIC INSTRUCTOR'S LIBRARY

This new and innovative instructor resource system is comprised of electronic versions of the *Instructor's Resource Manual*, *Test Bank*, *Transparencies*, and *Learning Guide*, all on a disk in WordPerfect 5.1 format.

MEDIA INSTRUCTOR'S MANUAL

A separate *Media Instructor's Manual* with easy-to-use guidelines helps instructors incorporate the videos, laser disk, and LectureActive software into lectures and classroom presentations.

VIDEOS

Each new edition of *Contemporary Business* has incorporated the latest technological advances in teaching. Once again, we provide a new series of videos created, produced,

filmed, and/or edited by the Center for Instructional Technology in Marketing (CITM), at Central Michigan University, in partnership with well-known companies. Since their inception, the focus of the *Contemporary Business* videos has been integration with concepts covered in the text. They contain real-world examples, on-location footage, special effects, and state-of-the-art graphics.

Business professors have guided the scripting and production of the videos specifically produced for this eighth edition of *Contemporary Business*. Twenty videos are included in the package, ranging from such giants as Marriott, Andersen Consulting, Whirlpool, and Harley-Davidson to lesser-known companies such as Kropf Orchards, Slazenger Golf, and The Delfield Company. They include international businesses, service firms, and organizations founded and managed by entrepreneurs, and they focus on quality, ethics, and diversity. The videos are approximately 8 to 10 minutes in length. Their titles are as follows:

Chapter 1:	Marriott International	Chapter 11:	Harley-Davidson
Chapter 2:	Andersen Consulting	Chapter 12:	The Delfield Company
Chapter 3:	Whirlpool Corporation	Chapter 13:	The Toronto Blue Jays
Chapter 4:	The Detroit Zoo	Chapter 14:	Second Chance
Chapter 5:	Danimation	Chapter 15:	Next Door Foods
Chapter 6:	Slazenger Golf	Chapter 16:	Dayton-Hudson
Chapter 7:	Wainwright Industries Inc.	Chapter 17:	United Parcel Service
Chapter 8:	Kropf Orchards	Chapter 18:	Archway Cookies
Chapter 9:	University National Bank	Chapter 19:	Firstbank Corporation
Chapter 10:	Valassis Communications, Inc.	Chapter 20:	Roney & Company

The Media Instructor's Manual provides the following materials for each video case: teaching objectives, a list of chapter concepts illustrated in the video, video warm-up questions and exercises, a detailed outline of the video, answers to in-text video case questions, video recap, experiential exercises, and a multiple-choice quiz. The superb instructional materials for the video cases were prepared by Norman Cregger of Central Michigan University Center for Instructional Technology in Marketing.

LASER DISK AND LECTUREACTIVE PRESENTATION SOFTWARE

The Dryden Press once again is shaping business education by including a laser disk in the instructor's supplementary materials. The disk contains graphic and textual elements from the textbook and support materials integrated with video and animation sequences to provide a dynamic, easy-to-use multimedia presentation of fundamental business concepts.

Specifically, the laser disk includes the 20 videos, 250 transparencies, all of the figures from the book, additional graphics, chapter learning goals, and a variety of other relevant text screens.

The LectureActive Presentation Software gives instructors the ability to preprogram lectures using the *Contemporary Business* laser disk. LectureActive allows the instructor to add and modify video captions and labels on the screen, add information to note cards, organize and reorganize lecture note cards, edit videos for length, and create text screens. The finished product is a unique and personalized lecture presentation.

TEST BANK

Over half of the 3,500 questions in the revised *Test Bank* are new to this edition. Questions are keyed to chapter learning goals, text page number, and type of question (knowledge or application). Questions include multiple-choice, true/false, and a short essay for

each learning goal. Mini-cases with multiple-choice questions and critical thinking questions emphasize the importance of the concepts presented in each chapter. The *Test Bank* was prepared by E. George Stook, Roland D. Tollefson, and David A. Wiley, all of Anne Arundel Community College.

COMPUTERIZED TEST BANK AND REQUESTEST SERVICE

A computerized version of the printed test bank is available in Windows, IBM, and Macintosh formats. Instructors can edit test questions, add new questions, scramble questions, and create up to 99 versions of the same test. A phone-in test master service is also available with a 48-hour turnaround period.

TRANSPARENCY ACETATES, MASTERS, AND TEACHING NOTES

Approximately 250 full-color overhead transparency acetates are available. Each acetate illustrates key concepts discussed in the text. Many acetates are new to this edition and most are original, that is, they do not repeat text figures. Transparency masters highlight actual figures and graphics found in the text. A complete set of teaching notes is included for both the acetates and masters.

BUSINESS CAREER DESIGN SOFTWARE

This excellent software, created by Eric Sandberg, provides students with interactive exercises which are integrated with each of the text's end-of-part Career Design Exercises. After completing one or two questionnaires or activities, students can use the software program to measure their current capabilities and then to obtain personalized advice on improving skills. Exercises cover topics such as leadership style, entrepreneurial quotient, and setting goals, and incorporate real-world business articles and experiences. The new CD-ROM-based *Discovering Your Business Career* takes the student through an extensive questionnaire in which he or she rates a variety of job-related activities. The software also includes a custom résumé module. The Career Design software can be packaged with each copy of the textbook.

COMPUTER SIMULATION

The *Chopsticks Simulation Game*, created by Professors Eugene J. Calvasina, James Leon Barton, Jr., Ava Honan, Richard Calvasina, and Gerald Calvasina of Auburn University, challenges students to develop and experience the business concepts presented in the text and to utilize frequently-used business decision-making tools. The game is accompanied by an instructor's manual that provides game instructions and student worksheets. The simulation game is available on disk for use with IBM and IBM-compatible PCs.

QUALITY, DIVERSITY AND BUSINESS MATH SUPPLEMENTAL MODULES

Modules on the subjects of quality, diversity assessment, and business math provide additional coverage for instructors who wish to further emphasize any of these areas.

ASSESSMENT MODULE

This unique module allows instructors to assess student mastery of text concepts. Organized by chapter, this assessment module includes chapter learning goals, review questions, essay questions and unique assessment exercises.

LEARNING GUIDE

The *Learning Guide* is invaluable in helping students master business concepts. Each chapter includes a brief outline, experiential exercises, a self-quiz, cases, and short-answer questions. Crossword puzzles included are at the end of each chapter. *Learning Guide* solutions appear at the end of the guide, rather than in the *Instructor's Resource Manual*. The *Learning Guide* was prepared by Joan Sepic-Mizis of St. Louis Community College at Florissant Valley and Kathy Daruty of Los Angeles Pierce College.

ALTERNATE LEARNING GUIDE

A unique alternate version of the *Learning Guide* is available with this eighth edition of *Contemporary Business*. Answers and solutions are not provided at the back of the guide, making this a tool that can be used to further challenge students. When required as a part of the course materials, instructors can assign homework from the *Alternate Learning Guide*, using it to evaluate how well students are retaining concepts covered in the text.

COMPUTERIZED SELF-STUDY PROGRAM

Self-Study is a comprehensive study program and tutorial written for Windows. Self-Study allows students to learn key words and concepts and test their knowledge of each chapter through matching quizzes, true-false tests and multiple choice tests. The true-false and multiple choice questions can be taken one chapter at a time, or grouped together in multiple chapters to simulate a midterm or comprehensive final exam. Students can use the glossary to reinforce terms and concepts from each chapter. There is also a matching quiz which selects ten glossary terms from a chapter and requires the student to match each term with the glossary definition. For a comprehensive look at each chapter the student can use the chapter outline and the chapter summary. Reading the chapter outline and summary before reading the book may help give students' reading some structure and a basic idea of what they will find in the chapter.

COMPUTER CASES SUPPLEMENT AND THE B&K BUSINESS DISK

These innovative components are designed to assist instructors who want to include analytical problems as homework assignments or to use such tools as the microcomputer in the basic business course. The computer cases supplement includes three to five business problems and solutions per chapter, focusing on concepts discussed therein. The business disk includes complete programs for the computer cases and the solutions to each case.

PORTFOLIO OF BUSINESS PAPERS

To help students understand the variety of official documents required in a modern business organization, a *Portfolio of Business Papers* has been assembled to accompany the

text. Authentic business papers and complete teaching notes are available to professors who use *Contemporary Business* in their classes. The papers were edited by Nikki Paa-hana of the DeVry Institute of Technology, Columbus, Ohio.

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Dr. Boone is a prolific researcher. In addition to authoring numerous marketing and business texts and computer simulation games, he is author of *Quotable Business*, published by Random House. His current research focuses on event and sports marketing. Dr. Boone's research has been published in such journals as the *Journal of Business Strategy*, *International Journal of Management*, *Journal of Business Research*, *Sports Marketing Quarterly*, *Journal of Psychology*, *Business Horizons*, *Journal of Marketing*, and the *Journal of Business of the University of Chicago*. He is recent recipient of the Phi Kappa Phi Outstanding Scholar Award from the University of South Alabama and is listed in *Who's Who in America*.

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Dr. Kurtz has authored or coauthored 26 books and more than 100 articles, cases, and papers. He has been the editor of two academic journals and has served as president of the Western Marketing Educators Association. He was co-chair of the 1995 World Marketing Congress in Melbourne, Australia. He has also been involved in consulting and training activities in business and has been the president of a small corporation.

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