

First Canadian Edition

The **FUTURE** of **BUSINESS**



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The **FUTURE** **of** **BUSINESS**

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**The Future of Business
First Canadian Edition**

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The **FUTURE** **of** **BUSINESS**

PREFACE

THE BOOK THAT BUILDS THE FOUNDATION

Today's employees must manage multiple tasks that require new skills, new perspectives, and new resources. In this new century, the primary competitive tool in the work force is knowledge. This knowledge must extend beyond the scope of an employee's own job to encompass other areas of the business as well.

Organization

The **Introduction** to *The Future of Business, First Canadian Edition*, discusses the importance of this textbook to students, whether they are presently working or hope to work in business in the future. It explains that it is not only important to be introduced to the different elements of business, but also to be able to see the different elements working together to create a business entity as a whole. *The Integrative Model of a Successful Business* is explained as the “framework” for the book.

To either introduce or refresh the students' awareness of certain elementary, but critical components, *The Future of Business* begins with *Business Trends and the Business Environment* (Part One). In Part One, students consider the fundamental Economic Systems and Competition (Chapter 1); The Global Marketplace and Governments' Roles (Chapter 2); Social Trends, Social Responsibility, and Ethics (Chapter 3); and Technology, the Internet, and Business Success (Chapter 4). With this basic fundamental knowledge, students can begin to see how the integrative model works.

Part Two introduces the concepts of *Canadian Business*. Students learn about Forms of Business Ownership (Chapter 5); Entrepreneurship: Starting and Managing Your Own Business (Chapter 6); and Corporate Governance, the Legal Environment, and Taxes (Chapter 7).

Part Three encompasses the *Functional Areas of Business*, starting with Marketing—The Customer Focus (Chapter 8) and followed by Marketing—Product, Price, and Promotion (Chapter 9). Next there is a discussion of Achieving World-Class Operations and Distribution (Chapter 10). Students then study accounting and financial basics—Understanding and Using Accounting Information (Chapter 11) and Financial Management and the Securities Markets (Chapter 12). Part Three concludes with Human Resource Management (Chapter 13).

In Part Four, the *Management Process* is discussed. This includes Management and Planning in Today's Organization (Chapter 14), Designing Organizational Structures (Chapter 15), Leadership and Motivation (Chapter 16), and Information Systems and Effective Control (Chapter 17).

Some schools may cover the *Management Process* in specific courses. If this is the case, the instructor may use Part Four as an introduction to the materials presented in another management course or choose to eliminate Chapters 14, 15, and 16, and only cover Chapter 17 (Information Systems and Effective Control).

Bringing It All Together is the conclusion to the textbook and shows how all the functional areas of business are integrated through the use of a real-world example. A man-

ager from the Hudson's Bay Company, one of Canada's most recognizable companies, provides insights into his successful, 34-year career with the company. The conclusion gives the students a real-life integration of the material presented in the book.

The Future of Business also includes a short appendix that discusses Business Research, Reports, Executive Summaries, and Presentations. These helpful hints are included to enhance the students' understanding of the unique features of business reports and the presentation of their contents or findings. The appendix is especially useful in courses that require students to prepare or present either primary or secondary business research, and it can be modified for particular business environments. Organizations (including secondary education) use different formats for reports, so this section is only intended as a guide, and any particular institution may choose not to include it in the curriculum.

New Angles on Business

The new shape, pace, and spirit of the global economy require new ways of looking at business. We've organized every chapter of *The Future of Business* with a unique chapter structure to support three essential themes.

1. Business in the 21st Century

Students begin their study of each chapter with a glimpse into the strategies of popular business organizations and business practices. This lively section draws the students into the chapter and stimulates classroom discussion by providing a “living” example of current business principles and practices. Students learn what is happening in today's business with examples from the largest global corporate giants, such as McCain Foods Ltd., to the smallest entrepreneurship.

2. Capitalizing on Trends in Business

The second part of each chapter explores new business trends and how they are reshaping today's business and altering tomorrow's competitive environment. Technology and the global economy are covered extensively in every trends section. We expose students to the fundamental factors that are reshaping the business world in which they will soon, if they have not already done so, begin professional careers. With this preview of the future, students will gain a keen advantage when entering the workplace.

3. Applying This Chapter's Topics

This unique feature, found only in *The Future of Business*, brings the chapter topics to life for students with relevant and interesting tips for making the most of the professional career, making intelligent investment decisions, or becoming a smart consumer. Students can utilize these suggestions throughout their careers, and many are applicable in everyday life.

Topics Up Close

Today's most fundamental business trends and topics are thoroughly covered—this means more value added for students. Some examples of the topics shaping the future of business covered in this edition are:

- Customer value
- Knowledge management
- Relationship management
- The Euro and the European Union
- The new Internet economy
- Launching an e-business
- Global mergers
- Entrepreneurs/intrapreneurs
- Database marketing
- Mass customization
- Web advertising
- Global management skills
- Motivational job design
- Virtual corporations
- Online trading
- Online banking
- Risk management
- Agile manufacturing
- Intranets and extranets

Technology and E-Commerce

Technology not only touches all areas of business, it often revolutionizes it. Chapter 4 (Technology, the Internet, and Business Success) looks at the impact of the Internet on business operations and describes the growth of e-commerce in both consumer and business-to-business markets. Chapter 4 also clarifies what many have difficulty in distinguishing: e-commerce and e-business. Also discussed are the concepts of business-to-business, business-to-consumer, consumer-to-consumer, consumer-to-business, and business-to-enterprise.

Chapter 4 also explores the process for launching an e-business and looks ahead to the future of the Internet in business (“click versus brick”). No other introductory business textbook offers such comprehensive coverage of the profound impact of technology and the Internet on business. In addition, each chapter addresses how businesses are applying technology to improve processes and maximize value to the customer.

Keeping Pace with Business

The Future of Business uses an integrated learning system as its framework to introduce students to the new business environment.

Integrated Learning System

To anchor key concepts and provide a framework for study, an integrated learning system links all major concepts with the chapters, end-of-chapter material, and supplements package. Learning goals at the beginning of each chapter out-

line the goals for study. Major headings within the chapter are identified by icons and supported with concept checks and a chapter summary. In addition, the Instructor's Manual, the Test Bank, and PowerPoint slides are all framed around the integrated learning system. Each piece of the integrated learning system reinforces the other components to help students learn quickly and to ease lecture preparation.

Hundreds of Actual Business Applications

We focused this book on the needs, abilities, and experience of the typical student. We drew on our experiences inside and outside the classroom to create the most readable and enjoyable textbook in business. We believe that the actual business applications interspersed throughout the chapters set the standard for readability and lucid explanation of key concepts.

Chapter Features

Making the Connection introduces each chapter. This section shows how the chapter concepts relate to “The Integrative Model” to help students connect the chapter concepts to business as a whole.

Learning Goals (lg) are provided at the beginning of each chapter to highlight the learning expectations for students as they read the chapter. These help to guide students' learning by providing key concepts that are presented in the chapter.

Many texts use short stories to open the chapters but fail to make connections to these stories elsewhere in the chapters. We take a different approach. We begin each chapter with an **opening vignette** about a prominent, student-friendly company or a business professional that actually previews that chapter's content. We then provide several questions to prompt critical thinking. The chapter discussion materials are concluded with **Looking Ahead**, where the opening vignette is revisited with a short discussion of what the future may hold for the company or the business professional.

Unlike most traditional textbooks that have review or study questions at the end of each chapter, *The Future of Business* has **Concept Checks** throughout the chapter. These concept checks are meant to challenge the students' learning as they progress through the chapter. By eliminating the end-of-chapter questions and using concept checks, students can follow the learning goals more easily. If they are unable to respond to the concept checks, they can simply review the previous few pages instead of trying to search through the entire chapter to locate the information.

Hot Links give the student an opportunity to connect to various Web sites to expand on the information presented in the chapter. Instructors may also choose to send students to the Web site links to fulfill assignments.

Key Terms help students to master the business vocabulary. Every key business term is carefully defined within the text. Each term appears in bold type and is defined in the margin where the term is first introduced. A complete glossary of all key terms is also included at the end of the book.

The **Try It Now!** boxes, found near the end of every chapter, encourage students to actively use the material learned in the chapter. These activities include Web-based exercises and other hands-on approaches to using the information.

End of Chapter Resources

A **Summary of Learning Goals** at the end of each chapter helps students to focus on the relevant material in a concise manner. As a supplement to this summary, the Key Terms that were used in the chapter are listed along with their page numbers.

Students often require more of a challenge to learn more about concepts that are of interest to them. The **Working the Net** section suggests Web sites that the instructor can choose to assign for discussion purposes, assignments, etc. Or they can be used as general interest to the students. The Web sites provided encourage further learning of some of the topics presented in the chapter.

A **Creative Thinking Case** concludes each chapter. The cases can be used as learning tools whereby students analyze the situation and apply the chapter material. The **Critical Thinking Questions** at the end of each case allow for a discussion or can be used for assignments or other testing.

At the end of each of the four parts of the textbook, there are two **Video Cases** that relate to concepts discussed in the part. The videos focus on issues that are important to Canadian business and are presented by CBC's *Venture*. These can be useful for discussion and testing.

Supplements

The Future of Business is supported by the following supplements:

Instructor's Manual

At the core of the integrated learning system for the text is the **Instructor's Manual** prepared by the authors of the textbook. Developed in response to numerous suggestions from instructors teaching this course, each chapter is designed to provide maximum guidance for delivering the content in an interesting and dynamic manner. Each chapter begins with learning goals that anchor the integrated learning system. A lecture outline guides professors through key terminology and concepts. Lecture enhancers provide additional information and examples from actual businesses to illustrate key chapter concepts. Each chapter includes lecture support for integrating PowerPoint™ slides and other visuals that illustrate and reinforce the lecture. A comprehensive Video Guide includes the running time of each video segment, concepts illustrated in the video segments, teaching objectives for the case, and solutions for video case study questions. A complete set of transparency masters is available to create overhead acetates. The transparency masters include exhibits from the text and additional teaching notes designed to add fresh examples to your lectures.

PowerPoint™ Slides

Over 300 slides of key chapter concepts and actual business examples not included in the text are available in PowerPoint presentation software to improve lecture organization and reduce preparation time. The PowerPoint slides were prepared by Vic de Witt of Red River College.

Test Bank

The comprehensive Test Bank is organized by learning goals to support the integrated learning system. With over 1700 true/false, multiple-choice, fill-in-the-blank, and short-answer questions, tests can be customized to support a variety of course objectives.

The Test Bank is available in print and software format with the ExamView™ Testing System. ExamView offers both a Quick Test Wizard and an Online Test Wizard that guides instructors step by step through the process of creating tests, while its unique WYSIWYG capability allows you to see the test on screen exactly as it will appear in print or online. With ExamView's complete word processing capabilities, you can enter an unlimited number of new questions or edit existing questions. The Test Bank was prepared by Kristi Harrison of Centennial College.

Instructor's Resource CD

For maximum convenience, the Instructor's Manual, the PowerPoint™ slides, the ExamView Testing System, and Test Bank are all available on a CD.

Videos

Designed to enrich and support key concepts, each of the video segments present real business issues faced by a variety of service and manufacturing organizations. The videos focus on Canadian issues that are important to Canadian business and are presented by the CBC program *Venture*. The instructor's video guide is included in the Instructor's Manual and outlines the key teaching objectives for each video case, and suggests answers to the critical thinking questions.

Web Site (www.futureofbusiness.nelson.com)

The Web site for *The Future of Business* provides rich content to maximize student learning and build online skills. Each text chapter is supported by an online Test Yourself quiz (written by Angela Davis of the University of Winnipeg) that tests student understanding and offers clear, customized feedback for incorrect answers. Also included on the Web site are Web Links, Crossword Puzzles, News Room, Stock Market Game, downloadable supplements, and much more.

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Norm Althouse received his Bachelor of Business Administration (Accounting) and worked in the public sector for ten years before returning to continue studies in the Master of Business Program. He has studied in Canada, Australia, Ireland, and Hungary. Currently, Norm teaches at the Haskayne School of Business at the University of Calgary. He has also taught at the University of Lethbridge and Mount Royal College.

After several years of teaching in the Human Resource area at the University of Calgary, Norm transferred to the Strategy and Global Management Area and currently teaches in the Business and Environment Area. Initially, Norm's primary responsibility was to develop a required core-course in business for first- and second-year business students. His commitment to "continuous improvement" has resulted in many new developments, including the integration of materials and changes in the pedagogy of the course.

Norm's research activities include: team building, the changing nature of management and managers, and most currently, studying values and diversity in the workplace. Additionally, Norm has presented at such conferences as the Administrative Sciences Association of Canada (*"The Gendering Component of Diversity: How is it Faring?"*) and has been published in a book of readings from the Global Business and Technology Association—Budapest, Hungary (*"Hierarchies in Transition: Hungary and Canada"*).

Shirley A. Rose

Shirley Rose received her Bachelor of Business Administration from the University of New Brunswick in 1980. She then moved to Alberta to assume a position with the Alberta Provincial Government in the Department of Advanced Education. After some time in industry, Shirley returned to university and completed an MBA at the University of Calgary in 1989. Upon completion of the MBA, Shirley taught in a variety of full- and part-time positions at the University of New Brunswick, Athabasca University, Simon Fraser University, University of Calgary, University of Lethbridge, and the University College of the Cariboo. She was accepted into a PhD program at the University of Bath in the UK and completed two years of study. Shirley's research and consulting activities are in the fields of health care, oil and gas, union-government relations, and unemployment.

Shirley Rose has been with the Bissett School of Business at Mount Royal College since 1998. During that time she has taught in the areas of management, organizational behaviour, and general business. She served as Program Chair from 2000–2003 and was responsible for programs in marketing, human resources, general business, and aviation. Shirley is on the Board of Directors for Aviation Alberta and is Vice President of the Canadian Association of Aviation Colleges. She has authored test banks and study guides, as well as serving as a contributing author for textbooks in management and introduction to business.

Laura A. Allan

Laura Allan received her Honours Bachelor of Business Administration from Wilfrid Laurier University, and after a brief stint in the private sector working for an advertising agency, she went on to get her Masters of Business Administration in Marketing at York University. Laura went back to her alma mater to teach in 1984, and apart from taking brief time off to have her two children, she has been there ever since. Laura teaches primarily first-year undergraduate classes, but has also taught a second-year decision-making course. She also teaches executive development seminars for the Laurier Institute. Laura has been academic editor on another introductory text, written a study guide, and contributed chapters for two introductory textbooks. She has also co-authored the lab manual for the two first-year courses each semester since 1998, and has developed an on-line version of both courses for the university's distance education department.

Laura's commitment to the integrative approach to teaching business led to a complete redesign of the first-year courses. Most recently she helped design the first annual Nordia New Venture Competition for first year students. Currently, Laura serves as co-coordinator for the first year program at Wilfrid Laurier University, and has been recognized as one of the "most popular profs" in *MacLean's* magazine since 2000.

Lawrence J. Gitman

Lawrence J. Gitman is a professor of finance at San Diego State University. He received his Bachelor's Degree from Purdue University, his M.B.A. from the University of Dayton, and his Ph.D. from the University of Cincinnati. Professor Gitman is a prolific textbook author and has over 45 articles appearing in *Financial Management*, *Financial Review*, *Journal of Financial Planning*, *Journal of Risk and Insurance*, *Journal of Financial Research*, *Financial Practice and Education*, *Journal of Financial Education*, and other publications. He currently serves as an associate editor of *Journal of Financial Planning* and *Financial Practice and Education*.

His singly authored major textbooks include *Principles of Managerial Finance: Brief*, Second Edition, *Principles of Managerial Finance*, Ninth Edition, and *Foundations of Managerial Finance*, Fourth Edition. Other major textbooks include *Personal Financial Planning*, Eighth Edition, and *Fundamentals of Investing*, Seventh Edition, both co-authored with Michael D. Joehnk. Gitman and Joehnk also wrote *Investment Fundamentals: A Guide to Becoming a Knowledgeable Investor*, which was selected as one of 1988's ten best personal finance books by *Money* magazine.

An active member of numerous professional organizations, Professor Gitman is past president of the Academy of Financial Services, the San Diego Chapter of the Financial Executives Institute, the Midwest Finance Association, and the FMA National Honor Society. In addition he is a Certified Financial Planner (CFP) and a Certified Cash Manager (CCM). Gitman recently served as Vice-President,

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Carl McDaniel

Carl McDaniel is a professor of marketing at the University of Texas—Arlington, where he is Chairman of the Marketing Department. He has been an instructor for more than 20 years and is the recipient of several awards for outstanding teaching. McDaniel has also been a District Sales Manager for Southwestern Bell Telephone Company. Currently, he serves as a board member of the North Texas Higher Education Authority, a US\$300 million financial institution.

In addition to this text, McDaniel also has co-authored a number of textbooks in marketing. McDaniel's research has appeared in such publications as *Journal of Marketing Research*, *Journal of Marketing*, *Journal of Business Research*, *Journal of the Academy of Marketing Science*, and *California Management Review*.

McDaniel is a member of the American Marketing Association, Academy of Marketing Science, Southern Marketing Association, Southwestern Marketing Association, and Western Marketing Association.

Besides his academic experience, McDaniel has business experience as the co-owner of a marketing research firm. Recently, McDaniel served as senior consultant to the International Trade Centre (ITC), Geneva, Switzerland. The ITC's mission is to help developing nations increase their exports. McDaniel also teaches international business each year in France. He has a Bachelor's Degree from the University of Arkansas and his Master's Degree and Doctorate from Arizona State University.

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