

**CHAPTER
3**

Business Basics

Part 1: Content Review

Matching

Write the letter for the correct term for each definition on the line provided.

- _____ 1. Item used in exchange for goods and services.
- _____ 2. Business that is legally separate from its owners and has most of the legal rights of an actual person.
- _____ 3. Common measure of what something is worth or what something costs.
- _____ 4. Money earned for working.
- _____ 5. Organization that exists to serve some public purpose.
- _____ 6. Process of controlling and making decisions about a business.
- _____ 7. Federal agency that was created to protect consumers and promote business competition.
- _____ 8. Advertising message that a person, business, or other organization is paid by another party to give.
- _____ 9. Using a computerized automatic dialing device to deliver a prerecorded sales message when someone answers.
- _____ 10. Occurs when one business has complete control of a market's entire supply of goods or services.

Terms

- A. corporation
- B. endorsement
- C. Federal Trade Commission (FTC)
- D. management
- E. medium of exchange
- F. monopoly
- G. nonprofit organization
- H. robocalling
- I. unit of value
- J. wage

Completion

Fill in the blanks with the term that best completes each sentence.

Terms

- | | | |
|-------------------|---------------------|---------------------|
| antitrust law | partnership | store of value |
| bankruptcy | production | telemarketing |
| false advertising | sole proprietorship | time value of money |
| money | | |

- 1. Anything of value that is accepted in return for goods or services is _____.
- 2. A(n) _____ is one that promotes fair trade, open markets, and competition among businesses.
- 3. The _____ is the idea that money is worth more today than it would be in the future.
- 4. Any activity related to making a product is _____.

5. _____ is overstating the features and benefits of products or making false claims about them.
6. The relationship between two or more people who join to create a business is a(n) _____.
7. _____ is personal selling done over the telephone.
8. _____ means an item can be saved, or stored, and used at a later date while holding its value.
9. A business owned by one person is a(n) _____.
10. A legal process that allows a company to reorganize or go out of business when it runs out of funding is _____.

True or False

Decide whether each statement is true or false. If the statement is true, write *True* on the line provided. If the statement is false, write *False* and rewrite the statement to make it true.

1. Most corporations are for-profit businesses.

2. Businesses that advertise directly to children or market kid-related products to their parents do not have to comply with truth-in-advertising standards.

3. Products marketed as "Made in the USA" must disclose which materials, ingredients, or components were made in the United States.

4. A company's claim about its environmental responsibility or a product's energy efficiency and any related "green" claims do not always have to be truthful and verifiable.

5. Companies must have solid proof to support health-related advertising claims.

Name _____

Part 2: Concept Review

B2B or B2C

Read the following scenarios. Then, using complete sentences, explain whether a business-to-business (B2B) or business-to-consumer (B2C) sale has been made in each one.

1. Green Sea is a turf farm that grows hundreds of acres of lawn grass. The turf is cut into strips with roots and soil attached, rolled, and sold to customers who replant the turf to create instant lawns. Green Sea sold 50 acres of turf to Hickory Hills Landscaping. Hickory Hills Landscaping resold the turf to a park district that is building a new golf course.

2. Janice and Antwon Williams are building a new house on a half-acre of land. They plan to buy turf from Green Sea to landscape their home’s new yard.

3. Rosaria owns a gift shop. Twice a year, she travels to Atlanta, Georgia, for the semiannual Gift Show, a trade show where hundreds of dealers and manufacturers display their jewelry, vases, home decorations, and other gift items. Rosaria orders items for her shop.

4. Immaculate Interiors is a cleaning service with both residential and commercial customers. The company placed a bulk order for cleaning supplies to use in its operations, including floor wax, glass cleaner, and sponges.

5. Janice and Antwon Williams signed a contract with Immaculate Interiors for their new home to be cleaned on a regular basis.

Functions of Money

Read the following scenarios. Then, using complete sentences, identify which function(s) of money is (are) being described: medium of exchange, unit of value, or store of value.

1. John's grades are starting to slip, while his friend Emilio is a straight-A student. Emilio offered to tutor John for the rest of the semester in exchange for a ride home from school after debate team practices.

2. Veronica received \$50 from her grandparents as a birthday gift. She decided to put it in the bank to save it for college.

3. A high school awarded tickets to students who made an achievement or did a good deed during the fall semester. At the end of the semester, one of the school's CTSOs hosted a bake sale. Tickets awarded to students could be used to buy baked goods.

4. Alexandria attends a high school that issues tickets for achievements and good deeds. During the fall semester, she earned 10 tickets for being Student of the Month and 15 tickets for perfect attendance. Alexandria decided to save her tickets to use second semester.

5. John Paul helped his parents with a garage sale. His job was to accept money for purchases made by customers. A neighbor offered to pay \$3 for a lamp marked as \$5. John Paul agreed to the lower price.

Name _____

Laws and Regulations

Each of the terms in the list that follows relates to a law or regulation that is important in marketing, advertising, and business. Match each term to one of the numbered scenarios. Write the letter for the correct term on the line provided.

- _____ 1. A famous athlete appeared in a magazine advertisement for a brand of athletic clothing. The advertisement met standards set by the Federal Trade Commission Act. In the advertisement, the athlete was dressed head-to-toe in the brand's products with its logo clearly visible on each item of clothing. The advertisement said, "Dress like a winner!"
- _____ 2. The company policy in a warehouse is for employees to wear closed-toed shoes and hard hats at all times.
- _____ 3. A salesperson for a nationally known company that manufactures furnaces and air conditioners explained to a customer that the company's products could save an average of 35 percent on monthly energy bills. The salesperson gave the customer a brochure that cited an independent study conducted to test the energy efficiency of various brands of heating and cooling systems.
- _____ 4. In a specific US state, there are two providers of cable, Internet, and telephone services. The two companies are not legally allowed to merge and become one large company that is the sole provider of these services.
- _____ 5. A marketing firm hired a new marketing manager without consideration of the person's race or gender—only the applicant's education, experiences, and skills were taken into consideration.
- _____ 6. A company that provides Wi-Fi Internet services must be truthful in its advertising claims about the Wi-Fi speed due to truth-in-advertising standards.
- _____ 7. The website for a popular children's television network contains games and other entertainment designed for children ages 5 to 15. When anyone accesses the site, a box pops up on the screen asking the user to input his or her birthday to verify the age of the user. If the user is under age 13, he or she must check a box to verify the site is being used with parental permission.
- _____ 8. A common household appliance was found to malfunction and put consumers in danger when the appliance is in use. The company issued a recall of the product and provided vouchers for a free replacement to any consumers who return the defective product.
- _____ 9. The box of a well-known brand of toothpaste states that the product inside prevents cavities and strengthens tooth enamel. The fine print on the box explains this claim was verified through an independent research study and is backed by scientific evidence, as mandated by federal law.
- _____ 10. A business owner who lives in Indiana makes a living selling the unique clothing she designs and sews by hand. Each item she sells contains a label that states it was made in the United States.

Terms

- A. antitrust laws
- B. Children's Online Privacy Protection Act (COPPA)
- C. consumer-protection law
- D. employment laws
- E. endorsement
- F. environmental marketing
- G. health claims
- H. labor laws
- I. "Made in the USA" claims
- J. online advertising and marketing

Part 3: Marketing Math

Medium of Exchange

In the United States, the medium of exchange is the US dollar. For most cash transactions, the customer usually does not have the exact change. Even though a computerized cash register calculates how much change the customer needs, it does not calculate the combination of bills and coins required to give correct change.

Assume you are a cashier. Your cash register has a cash drawer with pennies, nickels, dimes, and quarters. It also has \$1, \$5, \$10, and \$20 bills. When you arrive at work, you find out the automatic change-calculator function is not working on your cash register. You must now calculate the exact amount of change due to the customer.

The following chart lists sales you made during your shift. The first column lists the sales total for each sale. The second column lists the amount of cash given by the customer for each sale. Calculate the change due the customer and record it in the third *Change Due* column. In the remaining *Denominations* columns, indicate how to return the amount of change using the fewest coins and bills. The first sale is completed for you as an example.

Sales Total (\$)	Cash Given (\$)	Change Due (\$)	Denominations							
			\$20	\$10	\$5	\$1	\$0.25	\$0.10	\$0.05	\$0.01
17.99	20.00	2.01				2				1
16.43	20.00									
8.24	10.00									
9.72	20.00									
13.63	20.00									
4.98	10.00									
2.99	5.00									
63.58	100.00									
7.90	20.00									
32.36	50.00									
11.21	20.21									
44.52	60.00									
63.71	80.00									
85.34	100.00									
76.83	100.00									
91.27	100.00									

(Continued)

Name _____

Sales Total (\$)	Cash Given (\$)	Change Due (\$)	Denominations							
			\$20	\$10	\$5	\$1	\$0.25	\$0.10	\$0.05	\$0.01
126.87	130.00									
153.25	200.00									
191.99	200.00									
156.23	160.00									
189.02	200.02									

Part 4: Be Your Own Leader

Motivation

Write your response to each of the following statements or questions in the space provided. Use complete sentences.

1. What is motivation? As a leader, it is important to motivate others to follow your lead. Write a paragraph with your definition of motivation. Provide an example of a time when you were able to motivate others or when someone motivated you.

2. Share your answer to the previous question with a classmate. Listen to a classmate share his or her answer with you. Use both of your original definitions to write a definition of motivation together.

3. It is important for leaders to motivate others, but what motivates you? In the first column, list things that motivate you. In the second column, list things that do *not* motivate you, or cause you to *not* want to do something.

What motivates me:

What does *not* motivate me:

4. There are two types of motivation—internal and external. People who are motivated *internally* are motivated by things inside themselves and/or how they view themselves. People who are motivated *externally* are motivated by things outside of themselves and/or by how others view them. At times, every person is motivated both internally and externally. However, individuals tend to respond better to one than the other. Read the following statements to determine if you respond best to internal or external motivators. Choose the response that best represents you in each situation. There are no right or wrong answers.

A. You have been asked to be a CTSO officer. You decide to run because:

- _____ 1. it will look great on college applications.
 _____ 2. it will help you become a better leader.

B. An internship has opened up with a local marketing firm and with a local sports team. You choose the internship that:

- _____ 1. pays the most.
 _____ 2. lets you learn the most.

C. Two friends invite you to different events at the same time on the same day. Which friend do you choose for the invite?

- _____ 1. The friend who is most popular.
 _____ 2. The friend who is the most interesting.

D. What would you rather do?

- _____ 1. Take a class that will improve your GPA.
 _____ 2. Take a class that will challenge you without concern about your GPA.

E. What means the most to you?

- _____ 1. What others think of you.
 _____ 2. What you think of you.

F. You have been asked to watch a younger relative. You will do it:

- _____ 1. if you get paid.
 _____ 2. to help out a relative.

Add the total number of 1s you checked and write the answer here: _____

Add the total number of 2s you checked and write the answer here: _____

If you checked more 1s, then you are more externally motivated. If you checked more 2s, then you are more internally motivated.

5. Review your response to question 3. Identify whether your motivators are external motivators or internal motivators. Do you have more internal or external motivators? Does this match your results for question 4? Write a paragraph explaining why you think your results did or did not match your list.
