**Exploring Entrepreneurship**

* 1. **What is the purpose of business?**
* Businesses fulfill the needs and wants of consumers
* Consumers use/purchase goods and services
* Businesses sell goods and services
* Goods: tangible things that can be consumed, such as clothes and food
* Services: actions people perform such as haircuts or cleaning services
* Profit Motive: desire to make money in a marketplace
* Businesses: investment opportunities for individuals

The purpose of a business is to make profit by selling a good or service to consumers in a marketplace. This is an investment opportunity for the owner to make more money in the future.

* 1. **What are the characteristics of, for profit business, nonprofit, service, and product business?**

Non Profit Organization

* Can earn a profit, but cannot be run for the sole purpose of earning a profit; profits must be used to benefit the purpose of the organization.
* Cannot be run for the financial gain of the members or directors
* Donor’s Contributions are tax deductible
* American Red Cross, Salvation Army, St. Jude’s Children’s Hospital

Profit Business

* Motive is making profit (earning more revenue than expenses)
* Produce and distribute goods and services based on consumer demand for wants
* Apple, Sony, Abercrombie and Fitch, Target

Service Business

* A service is something that is done for the consumer
* Some services meet needs such as medical clinics and law firms
* Some services provide wants such as taxi companies and nail salons
* Barbershops, Dry Cleaners, Car Repair Shops

Product Business

* Product is a tangible item
* Business sell goods to consumers and other businesses
* Retailers and distributors are product businesses
* Old Navy, Best Buy, Dicks Sporting Goods

Combination Product and Service

* Some businesses sell a product and provide a service
* Car Dealerships, Appliance Stores, Hair Salons

**1.4 What are the 6 functions of every business?**

Accounting and Finance

Accounting: recording and reporting financial activity and transactions

* Paying Bills
* Collecting money from customers
* Paying Taxes
* Preparing Employee Payroll Checks
* Investing Cash
* Purchasing Inventory

Management

* Ensures that the entire organization meets its goals and obligations
* Effectively works with people in the organization
* Uses available resources to accomplish the organizations goals

Marketing

* Satisfies the needs and wants of consumers through exchange
* Based on the four “P’s”
  + Product
  + Price: establishing the price of product
  + Placement: placing the product in attractive and convenient sales locations
  + Promotion: advertising

Information Technology

* Uses technology to share knowledge, facts, and data to others (co-workers, customers, and suppliers)
  + Maintains email accounts
  + Maintains software applications
  + Maintains processing systems
  + Maintains hardware for all technology used

Operations

* Considered the “Back Office”
  + Involves behind the scenes paperwork required to complete all transactions
  + Found in both the service and the manufacturing sector

Human Resources

* Manages “people” relations within the company
* Helps workers develop the skills and knowledge needed to be successful on the job
* Responsible for hiring and firing of employees
* Selects employee benefits and enrolls all employees in the benefits (insurance, retirement, etc.)
* Helps employees pursue educational opportunities