

# Task One: Business



## Overview

*A Business formed by an individual or group in order to pursue economic goals.*

## Some Key Terms from class:

1. **Economic Goals:** Refer to tangible or intangible achievements that an individual or a group chooses to pursue which are all linked to the pursuit of **profit**.
2. **Revenue:** Describes the amount of money a business earns in a given period of time. Expenses are resources a business uses up in order to produce *revenue*. If the difference between the amount of money a business earns (revenue) and the amount of money it spends (expenses) is positive, it is called **Profit**. When the figure is negative, it is called a **Loss**.
3. **Merchandising Organization:** An organization or business that 'resells' goods. These types of organizations have an inventory of goods that they purchase from manufacturers or distributors, and then resell to their customers.
4. **Manufacturing Organization:** An organization or business that produces or 'manufactures' products. These types of organizations typically convert **raw materials** and/or **components** into assembled end-products that it distributes to its customers.
5. **Service Organization:** An organization or business that renders services, or performs activities and duties for others for profit. These types of organizations usually sell *intangible* advice or services, rather than *tangible* goods.

## What is Business?

**Consider this:** You are one of the first modern humans to arrive walking upright in prehistoric society. During the day, you walk from your cave down to the valley so you can pick wild berries to eat. However, the walk from your cave to the fields below is long and treacherous and you need baskets in order to carry your berries as you make the daily trip. So what do you do?

Archaeological evidence suggests that humans essentially produced or gathered what they needed for themselves, and traded with each other for what they didn't have. For example, the basket weaver in the cave across the hollow may really like berries. He could give you baskets if you brought him enough berries to make it worth his while.

Now suppose that the basket-weaver isn't the only prehistoric inhabitant of your valley. Say the fisherman is also interested in trading with you, as is the sandal-maker. Soon, other people in the caves nearby see you wearing sandals and eating fish and you begin to collect and trade all kinds of desirable items because of all of your bartering. At some point, you find that you are spending more time trading the goods you've bartered for than you do collecting berries but you need to collect berries in order to continue trading! You may turn to other prehistoric humans to help you collect berries while you spend your time trading. That way, all of you would enjoy sandals, fish, baskets and a host of other prehistoric comfort items made by others in the caves nearby.

As time wears on, you realize that you no longer even need to work in the berry fields to trade goods like food and clothing and provide everyone with their needs. The individuals helping you pick the berries ensure that you do not have to single-handedly pick berries, trade for goods, and provide everyone with everything they needed. You have found a way to work together to provide for everyone's needs and have formed a **business**.

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## Business in Your World Today

Take notes below on the optional teacher-led, in-class exercises:

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## Business In New City

You are about to enter New City - a brand-new place meant to give you a unique introduction to the world of business - for the first time. Now, it's time to learn a little more about your role in New City.

### What am I doing here?

A term that may be used to describe your role in New City is a *consultant*. Do you know what that means? A consultant is a business professional who provides specific or specialized knowledge, or expert advice in a particular area of expertise.

In some situations, organizations like the New City government undertake major projects - or are faced with critical situations - and need additional experienced staff to assist with the increased workload for a specific period. As a result, they hire - or enter into a *contract with* - another organization to provide them with consultants just like you. The organization to which you belong is known as a *professional services firm*, and the New City government, for which you work, is known as its *client*.

Good Luck!

