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How would you finish this statement?
One rule everyone should live by is . . .

Write your response on a piece of paper. Be prepared to explain your answer.

What Are Ethics?
In Chapter 4, you read about values, intangible things that you believe are important. Individual values form the basis of ethics, a set of moral principles that govern decisions and actions. To act ethically is to act in ways that are in keeping with certain values.

Ethics and Culture
Suppose you ask three people if friendships are important. All three will probably say yes. You then ask if succeeding in school and volunteering for a good cause are important. Again, everyone will likely agree. Now suppose you ask: Which is more important: spending time with friends, studying, or volunteering? Here, disagreement may arise, with such answers as “Volunteering is always more important than just hanging out with friends” or “Spending time with friends is fine—unless you need to study to bring up your grades.” People tend to agree on values but have different ideas about how to apply them.

That pattern is repeated throughout society. You could study cultures with vastly different foods, languages, and governments. Yet you’ll find that they all value friendship, success, and helping others. They all nurture the young and care for the old or sick.

Opening Exercise
Collect responses. Write them on the board. Show how many times a particular rule is named. After discussing universal values, ask students to identify those rules that represent universal values (values shared by all cultures throughout history). Which values are named most often? What does this say about values as a shared, unifying experience?

Extension
The great spiritual leader Mahatma Gandhi said, “We must be the change we wish to see.” Ask students to think about the changes they would make in their lives to better live according to the rule they identified. You could do this as a meditation or as a class discussion.
SECTION 5.1
Ethical Business Behavior

Figure 5-1
Obviously a society that didn’t nurture its young would not continue in existence for long. Discuss ways in which various societies nurture their young. This could offer the possibility of an extension activity.

Business Ethics
Tell students that one test of behavior is to ask yourself, “How would I feel if my actions were reported on the local news?” or “How would I feel if my mother heard about this?” Point out that with the growth of social video network sites such as YouTube, it is very possible that their mother and the media would find out what they’ve done. Discuss the implication and impact of these sites on business ethics.

Reading Checkpoint
Universal values are values shared by all cultures throughout history.

These are examples of universal values, values shared by all cultures throughout history.

Universal values are recognized because they promote the conditions needed for individuals to survive, enjoy life, and get along with others. They start with the basics of life: food, water, shelter, and physical safety. Actions that further the common good are universally accepted as right: obeying the law, for example, and caring for the young and the old. Likewise, certain acts are seen as wrong: killing, stealing, and irresponsible behavior. Positive qualities such as generosity and fairness are encouraged everywhere, while greed and dishonesty are universally discouraged.

This agreement on values creates a similarity in ethics as well. However, just as individuals differ in their opinions on values, cultures differ in how they express and enforce ethical standards. For instance, all cultures have laws, written or unwritten, to punish dishonest actions. But what actions are considered dishonest and how they are punished varies with different cultures.

Business Ethics
If you follow the news, you may have learned of illegal deals involving large corporations. One company lied to employees about its financial health, encouraging workers to invest millions of dollars in company stock. Then the business declared bankruptcy, wiping out the savings the workers had counted on for retirement. Another company knowingly sold toys containing lead-based paint, which was banned years ago as a health hazard to children.

Stories like these, along with common complaints such as hidden fees and poor customer service, have tarnished the image of business. They’ve also brought attention to the topic of business ethics, moral principles applied to business issues and actions. Many people now wonder if such a thing as business ethics exists at all.

Entrepreneurs have considerable influence on their company’s business ethics. Like operating a business itself, this is both an opportunity and a responsibility.

Why Practice Business Ethics?
The main reason for behaving ethically, in business or in any area of life, seems obvious: It’s the right thing to do. It’s what you should do.

Extension
Gather and distribute course catalogs from universities, colleges, and business schools. Ask students to identify courses in business writing. What qualities are mentioned in course names and descriptions? What does the inclusion of business-writing courses say about the importance of this skill?
Extension

In a recent Gallup poll, 75 percent of those surveyed said they trusted small-business owners. Only 23 percent trusted executives of large corporations. Take your own poll in the class and discuss the results in relation to the Gallup poll.

Reading Checkpoint

Practicing business ethics attracts employees because people are proud to work for a company with high ethical standards. They feel more confident about their work and more loyal to an employer who is fair.

It’s what anyone would do. It’s just following the golden rule: Do unto others as you would have them do unto you.

However, there are three practical reasons why you should practice business ethics:

- Customers are more confident when buying goods and services from an ethical company. As a consumer yourself, you may prefer buying from companies with a history of acting ethically. Consumer surveys show you’re not alone. This makes sense—people don’t trust a company to offer high-quality goods and services if it has a reputation for acting unethically.

- An ethical workplace motivates employees. Have you ever seen other students copy a paper or cheat on a test and not get caught? You may have wondered why you should play by the rules when people who break them seem to succeed just as well. Employees also feel discouraged and frustrated when that happens in the workplace. In contrast, people are proud to work for someone with high ethical standards. They feel more confident about their work and more loyal to a fair and ethical employer.

- Ethical behavior also prevents legal problems. Defending yourself in court can be expensive. Lawsuits obviously cost a company money for lawyers’ fees, judgments, and penalties. They also damage your reputation, which can lead to lost customers for years to come. It may even be enough to cause your business to fail and ruin your career.

Establishing an Ethical Workplace

Universal values establish a strong foundation for society. Universal values are also a good basis for running your business. Deciding how to apply these values will be as important as any other planning you do. This section describes issues and ideas that will help you foster an ethical atmosphere in your workplace. It points out opportunities to show that you take ethics seriously and expect others to do the same.

Creating Transparency

Have you heard the expression “The buck stops here”? It describes a management style that assumes it has the authority to make decisions and takes responsibility for those decisions. That’s the idea behind transparency, or openness and accountability in business decisions and actions. Letting people see what a company is doing, and why, is a strong deterrent to unethical behavior. For example, when transparency is practiced, employees know how their retirement fund is being invested. Consumers know that wrongdoers are punished.
SECTION 5.1
Ethical Business Behavior

Figure 5-2
Harry Truman

Harry Truman was saying that he took responsibility for his decisions. This was important for the American people because Truman made some of the most important decisions in the twentieth century, including dropping the atom bomb on Japanese cities to bring about the end of World War II.

Figure 5-2
Harry Truman saying to the American people through that sign.

Communication is essential to transparency. Companies have traditionally communicated through memos to employees and press releases and press conferences for the public. More and more, they’re using social media as well. Social media are interactive electronic forms of communication. Blogs and message boards, where people carry on public conversations, are two popular examples. Although social media can be just another form of advertisement, they’re also a means of demonstrating transparency. In one company, for example, employees routinely accessed files on the company computer from remote locations so they could work away from the office. This increased productivity but also posed a security risk because the information could have fallen into the wrong hands. So a company vice president discussed the subject in his blog at the firm’s Website. Anyone with Internet access could see that the leadership recognized the threat and had a strategy to help prevent and deal with it.

Can you see how going public in this way with a potential problem enhanced the business’s reputation? If the company had only circulated a memo or held meetings among employees, it would not have been quite such a positive (transparent) response.

Of course, not everyone has a need or even a right to know everything a company does. A business is justified in concealing a “trade secret” that is crucial to its success, such as a recipe for a food it sells or plans for a new product. Revealing personal information, even voluntarily, should be done with care. You need to ask whether the value of transparency outweighs the invasion of privacy and the possible harm that may result.

Responding to Whistle-Blowers
A whistle-blower is a term for someone who reports illegal or unethical conduct to superiors or to the public. In some cases, these actions are protected by law. For example, the Sarbanes-Oxley Act of 2002 makes it illegal to fire or punish employees who help authorities investigate stock market fraud. Other laws protect individuals who report workplace safety and environmental violations.

Management’s response to whistle-blowing, beyond these legal requirements, sends a message about its commitment to...
When dealing with a legal problem, the legal system and courts give companies consideration for having a code of ethics. It is one of the Federal Sentencing Guidelines for Organizations (FSGO) issued by the U.S. Sentencing Commission (a guide to courts and lawyers issuing sentences in legal cases). The seven guidelines describe a workplace that shows a commitment to ethics by having an organized system for promoting and monitoring ethical behavior. Specific features include placing a high-level employee in charge of the program, not giving duties to employees with a tendency toward illegal activities, and communicating ethical expectations through employee training or a written code. Ask students to research these guidelines using “FSGO” as a search term on the Internet.
SECTION 5.1
Ethical Business Behavior

Figure 5-3
Answers will vary. Possible rules for (I) might describe specific activities, such as one hour of active play daily or the foods that will be served at meals. For (II), possible rules might specify multicultural materials and experiences that will be used in the curriculum, such as guest speakers from other countries. For (III), rules might describe the policy on discipline and responses to misbehavior.

Our Code of Ethics

I. We value learning and will dedicate ourselves to giving each child the best education possible.
   We believe that education must encompass the whole child, both the body and the mind. We bring all of our skills and knowledge to promoting good physical health, fostering a full range of healthy emotions as well as social and relationship skills, and developing the mind to the fullest.

II. We value equality and will attack barriers of prejudice and injustice.
   We believe that each child has untold potential that must not be hindered by unfair limitations of stereotypes or bias. Rather, each child deserves the opportunity to identify and develop all the talents and skills that he or she possesses.

III. We value human dignity and will treat each child as a worthy, unique, and valued individual.
   We believe that dignity and worth are inborn qualities in every human being. Each child must be made to feel valued and loved unconditionally, regardless of abilities, social circumstance, behavior, personality traits, or any other interior or exterior condition.

Relating Concepts.
Suggest a practical rule or guideline that could be based on these values and beliefs.
A code of ethics should be continually evolving without drifting from its core beliefs. Universal values may stay the same over time, but your views on how to carry them out may change. You may need to adapt and revise your rules to meet new situations and developments in technology.

**Reading Checkpoint**

**What is transparency?**

**Ethical Issues for Entrepreneurs**

For a child, an ethical decision might be whether to share a graham cracker with a friend. A high school student faces more complicated choices with more serious consequences: writing an original essay for school versus "borrowing" material found on the Internet, for instance. An entrepreneur faces even more complex decisions. When faced with any ethical decision, it's usually best to rely on your own strong personal values to help you determine your response.

**Intellectual Property**

When music downloads first became available, many music fans started filling their MP3 players and swapping songs with friends. They were stunned when record companies began prosecuting them for theft.

Can music be stolen? Yes. Music, paintings, literature, inventions, and architectural designs are types of intellectual property. **Intellectual property** is artistic and industrial creations of the mind. “Possession” of these creations is protected by law. The owners are entitled to credit and usually some form of payment when their works are used, especially when used for commercial gain.

Artistic creations are protected by copyright. **Copyright** is the exclusive right to perform, display, copy, or distribute an artistic work. Copyright applies automatically as soon as a work is created. It covers all forms of expression, whether words, music, images, or concrete objects. It includes works published on the Internet.

Another type of intellectual property—industrial invention—is protected by patent. A **patent** is the exclusive right to make, use, or sell a device or process. Many types of creations can be patented, from an improved design for a ketchup bottle, to a variety of tomato used to make the ketchup, to a process for bottling the ketchup.

A **trademark** is a symbol that indicates that the use of a brand or brand name is legally protected and cannot be used by other businesses. A trademarked brand or brand name is a type of intellectual property. Two symbols are associated with U.S. trademarks. The trademark symbol ™ is used to indicate that the brand is protected in a general way, but does not have formal legal protection.
Extension

Set up role-playing business situations in which students can demonstrate being empathetic. Examples may include a difficult customer with a child in tow. The customer may be returning something he has obviously already used. A customer may not have enough money to pay for a purchase. A coworker has not finished her part of a project and confides that she is newly separated from her spouse. Invite the students to think of other work situations where showing empathy may be necessary.
patent infringement, you would have to compensate Velcro Industries B.V., which holds the patent for Velcro® products. Otherwise, you would have to redesign the new pad to close in some other way, using an unpatented method—perhaps laces (which would be a device in the public domain).

Conflict of Interest
Another ethical decision that entrepreneurs often face is related to conflicts of interest. A conflict of interest exists when personal considerations and professional obligations interfere with each other. It’s wise to avoid such situations—or even the appearance of such situations—even if you think you can act fairly and objectively. For example, Dan has a lawn care business, specializing in commercial lawn maintenance. Often customers ask Dan to recommend full-year programs using lawn treatment products. Dan has been approached by sales people representing these products. They have offered to pay Dan a percentage of the cost of any products purchased by his customers. Recently, a customer asked Dan for a recommendation and he had to choose between a product for which he receives a percentage and a similar product for which he doesn’t receive a percentage. If the two products were equally useful, and cost the same, Dan could be accused of having a conflict interest in recommending the product for which he receives a percentage.

A well-thought-out code of ethics can help identify and prevent such problems. Besides addressing specific scenarios, the code should also call for employees to report questionable situations so you can decide on the best way to handle them.

Confidentiality
As an entrepreneur, you will be gathering a good deal of information. You may run a background check and find that a job applicant has a criminal record, or discover sensitive financial data through a credit check on potential investors or partners.

If you were a business owner with a recipe for fried chicken, you would probably ask your employees to sign a confidentiality agreement. Predicting. How would you feel if one of your employees violated the confidentiality agreement and started a restaurant that served chicken made from your recipe?

Extension
As an extension, ask students to research Velcro and Velcro Industries B.V. Refer them to www.velcro.com.

Extension
As an extension, ask students to research confidentiality agreements. One possible Website is www.ipwatchdog.com, which includes some simple confidentiality agreements.

SECTION 5.1
Ethical Business Behavior

Figure 5-4
Most students would probably feel upset that an employee had violated their confidentiality agreement. Their business is threatened by their former employee’s act. Some may even recommend legal action.
SECTION 5.1
Ethical Business Behavior

Reading Checkpoint

Patents protect devices and processes (industrial works); copyright protects artistic works (words, music, images, sculpture).

Assess

Reviewing Objectives

1. Ethics are a set of moral principles that govern decisions and actions.
2. Three practical reasons to practice business ethics are: it increases customer confidence, it motivates employees, and it prevents legal problems.
3. Transparency is openness and accountability in business decisions and actions.
4. Intellectual property is artistic and industrial creations of the mind.

Critical Thinking

5. Answers will vary. Students will likely point out that the whistle-blower is criticizing something unique intending that it be corrected. A chronic complainer criticizes many things, without the specific intent to fix them.
6. Answers will vary. Using social media might give a business a forward-thinking, technologically savvy image, which tends to appeal to younger people. Ask whether certain types of business might want to limit use of social media.

ASSESSMENT 5.1

Reviewing Objectives

1. What are ethics?
2. Give three practical reasons for practicing business ethics.
3. What is transparency?
4. What is intellectual property?

Critical Thinking

5. Inferring. What do you think is the difference between a whistle-blower and a chronic complainer?
6. Drawing Conclusions. How do you think using social media can affect a business’s image? With what audiences would blogs and other types of social media be especially effective?

Social Science: Studying Ethics

To make this assignment more manageable, encourage students to narrow their focus to one specific subject, such as how parents teach young children ethics, the effect of peer pressure on ethical choices, or how ideas about ethics have changed over time. Write a short report on how this affects ethics in business.

Working Together

As the class suggests ethical endings, encourage them to compare the practical impact of each one. Is it possible that an ethically “correct” response could have negative consequences? If one solution is to give back a gift, for example, would it matter that the gift could be used for a good purpose? Should that be a factor in deciding whether an action is ethical?
Think carefully about this question: What three things would make the world a better place? Write your answers on a piece of paper. Be prepared to discuss your list in class.

Corporate Social Responsibility
Barny Haughton is owner and executive chef at the upscale Bordeaux Quay Restaurant in Bristol, England. Katie VandenBerg owns Eli’s Coffee Shop in the small town of Morton, Illinois. What do these two people, in very different circumstances and half a world apart, have in common?

They both are entrepreneurs. And they both demonstrate corporate social responsibility— their respective businesses act in ways that balance profit and growth with the good of society. Corporate social responsibility is based on the concept that the relationship between business and society ought to go deeper than economics. Barny designed Bordeaux Quay as a model of resource conservation, from its recycling program to its low-flush toilets (which are refilled by captured rainwater). At Eli’s Coffee Shop, Katie serves only ethically sourced coffee. Ethical sourcing means buying from suppliers who provide safe working conditions and respect workers’ rights.

The examples of Barny Haughton and Katie VandenBerg demonstrate that corporate social responsibility is an opportunity for entrepreneurs at every level. What’s more, it’s not just an afterthought, separate from daily operations. Increasingly, behaving in...
SECTION 5.2
Socially Responsible Business & Philanthropy

Reading Checkpoint
Corporate social responsibility is business acting in ways that balance profits and growth with the good of society.

Corporate social responsibility is business acting in ways that balance profits and growth with the good of society.

In some cases, it is a company’s business. Corporate social responsibility also makes good business sense. Whether it’s a large corporation sponsoring a charity telethon or a local supermarket offering a refund for using canvas shopping bags, corporate social responsibility often translates into profits. This advantage for business is sometimes described as “doing well by doing good.”

Corporate Social Responsibility = Doing Well by Doing Good

Responsibility to Individuals
Corporate social responsibility builds from the ground up. It can affect all the individuals who are connected in some way to the business: the employees, customers, investors, and creditors.

In a way, your first responsibility to all these individuals, as well as to yourself, is to run the business to the best of your abilities. All of these people rely on your company for something. Your employees count on you for their incomes. Your customers trust you to supply a quality product or service. Your investors and creditors have trusted your business judgment and rely on you to fulfill your financial obligations. Treating a business seriously and making well-thought-out decisions shows that you take your responsibilities to heart.

Employees
Entrepreneurs have legal obligations to provide a safe workplace and fair employment policies. (You’ll read more about these in Chapters 15 and 17.) If you’ve ever held a job yourself, however, you know that these conditions are only part of what employees need and want.

On a practical level, employees need the tools to do the jobs expected of them. Imagine the director of a preschool asking a teacher’s aide to lead a class in an art activity without supplying the paper, crayons, paints, glue, or other necessary materials. Or suppose the director of the preschool asked the aide to plan a menu for a child with diabetes, without knowing whether the aide had any knowledge of nutrition or special diets. The results could be frustrating and even dangerous.

On the other hand, employees also need trust. They need respect for their skills and the freedom to use them. Trust may come easily when you have only a few employees and work with them closely. The test comes in giving them responsibilities without supervision. Yet that’s a necessary step if a business is to grow.

EXPERIENTIAL EXERCISE:
Invention Contest

Objective
To demonstrate that every student can invent a product.

Materials
Resources describing various inventions.

Teacher Preparation
1. Show and discuss several inventions (examples: Slinkys, Silly Putty,
Post-It Notes, Band-Aids, Yo-Yos, Frisbees).

2. Explain that an invention must satisfy a consumer need in order to survive as the basis for a business. Examples:
The disposable wooden toothpick—invented in 1869 by Charles Forster, who noticed, while traveling in Brazil, that Brazilians picked their teeth with slivers of wood whittled from orange trees. Foster invented a machine to produce wooden toothpicks, but couldn’t sell it to local restaurants in his hometown of Boston. To market his idea, he hired fashionable and successful young men to loudly ask for disposable toothpicks in expensive Boston restaurants. Soon the embarrassed restaurant owners were calling him!
The potato chip—invented in 1853 by George Crum, a Native American cook in a restaurant in Saratoga Springs, New York. A
Some employers are cautious about trusting workers, especially with jobs that encourage them to learn new skills. They don’t want employees to outgrow the job and move on to another, possibly opening a competing business. In contrast, other entrepreneurs feel a responsibility for helping employees grow personally and professionally. They might practice job rotation, for instance, training workers for different jobs in the company. These business owners value employees’ personal satisfaction—and enjoy the advantage of having a back-up to fill a position in an emergency.

Employees also deserve consideration for personal needs. If you’re needed at home to care for a sick child, or if your car is in the shop, or if the bus was late, you can appreciate an understanding and considerate boss. Employers must recognize that an employee may have a spouse, children, and day-to-day responsibilities. Employers must respect and understand their employees’ needs to meet these commitments. In fact, companies that are rated by employees as the best places to work usually help employees balance work and personal needs.

Customers
As with employees, business owners are bound by law to treat customers fairly. A wise entrepreneur, however, understands that the ethical obligation goes beyond these legal minimums. As a practical consideration, attracting new customers also costs more than maintaining existing ones. The following four qualities, which cost nothing to put into practice, mark a responsible relationship with customers:

- **Honesty.** Be honest and transparent in all areas. Inform customers about your products, both the advantages and drawbacks. If you offer a service, describe your qualifications and abilities accurately. Carefully estimate the time and cost of completing a project. Admit to mistakes without offering excuses.

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**Figure 5-5**

Employers Value Employees
Employees would rather work for an employer who trusts and respects them.

**Applying Concepts.** If you were an employer, how would you show that you respected and trusted your employees?

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**Student Instructions**

1. Ask yourself “What need or problem do I have that is not met by a product already in existence?”
2. Think about an idea for a product. Name the product, explain how it works, identify the consumer need. Draw a sketch of the product.
3. Be creative, while keeping a practical end in view. Remember that products taken for granted today were once considered wildly improbable.
4. Present your product idea to the class.

**Evaluation**

1. You may want to let the students judge the contest and choose the winner. Cast the deciding vote in case of a tie.
2. Offer awards that will stimulate competition and provide incentives. (Some teachers give awards to every participant.)
3. This can be turned into an ongoing class project, with a few students presenting their inventions each week. Several contests can be held throughout the semester.

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**Figure 5-5**

Answers will vary. Ask students to think of any experience they may have had in the workplace where they felt respected (or disrespected).
SECTION 5.2
Socially Responsible
Business &
Philanthropy

Figure 5-6
Answers will vary. As the text points out, suppliers can often advise the business owner. Suppliers can also help business owners in many ways (and conversely can hurt them if the relationship goes sour).

• Respect. Customers come to you hoping you can meet their needs or solve their problems. Their needs and problems are important to them, and they should be to you, as well. Take customer complaints seriously. These are opportunities to improve your business. Research suggests that only one of every fifty dissatisfied customers complains to the merchant. When you fix a situation that made one customer unhappy, you may be saving 49 other customers from the same frustration—and keeping them as customers.

• Accessibility. Be available when you promise to be. Keep to the business hours you advertise. Honor your appointments with clients and don’t be late. Give customers contact information where they can reach you with questions. Take the initiative on keeping them updated about the status of an order or work in progress.

• Attention. Whether you’re selling a single light bulb to a walk-in customer or installing solar panels on a university library, focus your attention on the customer with whom you are working at the moment. Be present for that customer. Don’t be distracted by your cell phone or other obligations.

Suppliers
Acting responsibly toward suppliers or vendors carries its own reward. The people who sell the materials your business needs are also those who can advise you on making the best choices and using the materials wisely.

It should go without saying that you owe suppliers timely payment in the amount and method on which you agreed. You also need to respect their decisions on pricing. Although it is acceptable to attempt to negotiate with suppliers, you have the option of going elsewhere if you’re not satisfied. Complaining or suggesting that the supplier is being unfair or dishonest is not appropriate.

If you mislead suppliers into thinking you might do business with them when you are really using them as “bargaining chips” to get another supplier to lower a price, you are not bargaining in good faith.

Suppliers appreciate cooperation in making a transaction as efficient as possible. Have a clear idea of what you want so you can help the supplier sell it to you. Have realistic expectations for the supplier’s policies when it affects your satisfaction as
a customer. For example, if you order a product, expect a reasonable amount of added time and money for shipping and handling.

Suppliers deserve to hear that you’re a satisfied customer—or that you are not. They benefit from knowing when a product or service could be improved. Give a supplier the chance to keep you as a customer before you switch to another. Staying with the same suppliers builds helpful relationships that will serve you well over time.

**Investors and Creditors**

Investors and creditors provide the money to start and run a business and, along with it, an emotional boost. After all, people don’t invest or loan money unless they believe in both the idea behind the business and the entrepreneur whose work will make it a success. Likewise, vendors who extend credit are showing faith that you’ll be able to pay for your purchase.

Investors are not guaranteed a financial return, but they have a right to regular, and timely, communication. Understandably, they will want to know the status of their investments. Investors with experience in your field of business may be equally ready to offer advice and help. They might put you in touch with other contacts or suggest other resources. Often investors actually assume some control of the business in exchange for their financial support. (You’ll read more about different types of investors in Chapter 13.) Whatever the relationship, you need to give an investor’s input the weight it deserves. A friend with little understanding of your business (but a lot of faith in you) who has made a modest investment and the professional investor who has bankrolled half of your business have both contributed to your potential success. Both deserve respect.

Unlike investors, creditors are owed a return on their money, usually with interest. They too need ongoing updates, especially if the business is struggling. Again, this is to your benefit. Creditors are as eager to be paid back as you are to get out of debt. If they see that you’re working hard but still having trouble, they’re sometimes willing to rework the terms to make repayment more manageable.

Communication with investors and creditors alike must be based on honesty and transparency. Taking money based on false expectations may be illegal and, in any case, can hurt you and your business.

**Reading Checkpoint**

The four qualities are honesty, respect, accessibility, and attention.

**Responsibility to the Environment**

To an environmentalist, “green” means protecting natural resources. To an entrepreneur, “green” refers to another resource: money. Increasingly, these two meanings go hand-in-hand. Being environmentally green can be profitable. Surveys and sales figures show that consumers look favorably on businesses that show a commitment to protecting the environment. This, in turn, makes investors more willing to finance those businesses.
Environmentally Friendly Enterprises

Some businesses benefit from being seen as environmentally friendly, but then draw criticism for not being environmentally friendly enough. Discuss this problem in relation to greenwashing. Can a business be accused of greenwashing for not living up to high expectations of environmentally conscious consumers?

Figure 5-7

Small, less developed nations may have little to attract outside investment—a poor infrastructure and educational system, fewer natural resources. People with the means who leave for better opportunities in industrialized countries may or may not return to help develop the economy. Entrepreneurs not only help support the economy but do so by using native resources, including the workforce. This is essential for a nation’s self-sufficiency and economic security. Add that because they specialize in native crafts and foods, these microentrepreneurs may generate interest in the culture and increase tourism.

Environmentally Friendly Enterprises

Like other societal trends, concern for the environment is creating new industries and expanding older ones. Opportunities for the individual with imagination and initiative—in other words, the entrepreneur—seem to arise almost daily. What entrepreneurial ventures can you see in the following four fields?

- **Sustainable Design.** Traditionally, products were made and used without much thought for their long-term impact on people or the planet. In contrast, design that is sustainable meets the planet’s current needs while preserving resources for future generations. Sustainable design ranges from planned, “walkable” cities that reduce the need for automobiles to fashions made from natural fabrics and dyes.

- **Alternative Energy.** Researchers are working to make alternatives to oil and coal—such as solar, wind, and hydrogen power—more efficient. They’re testing newer forms of biofuels extracted from corn, sugar cane, and even vegetable oil left over from frying foods. Investors are particularly excited about the potential of these “clean” technologies and have sunk hundreds of millions of dollars into their development.

- **Organics.** Concerns about personal health, as well as the environment, have increased interest in organic products, those made from crops and animals that are raised without manufactured chemicals. Organic produce, grains, and meats make up a small but steadily growing segment of the food market. Independently owned producers and natural-food stores generate a large percentage of those sales. Organic personal-care items are also gaining popularity.

- **Fair Trade.** As you learned in Chapter 2, fair trade is a way of doing business that is based on principles of social and environmental responsibility and promoting sustainable growth. Most producers involved in fair trade are small farmers and skilled crafters in developing countries. These microentrepreneurs form cooperatives to set prices and product standards. Most fair trade items are then sold through a network of independent wholesalers and retailers. Sales of fair trade goods have risen worldwide.
by double digits in the last decade as consumers grow more aware of the impact of their spending decisions.

**The Energy-Efficient Workplace**

Businesses that aren’t specifically green can benefit from green practices. Creating an energy-efficient workplace saves money and can draw customers. The most efficient, money-saving appliances, equipment, and electrical-system components bear the “Energy Star®” label. To earn this designation, an item must meet strict specifications.

For example, suppose you own a copying service. Using Energy Star®-designated copiers can cut electrical costs by 25 percent. They also power down when not in use, saving even more money over standard models. You could post signs advertising these facts to customers, along with the hint that they could save money and reduce waste by printing on both sides of the paper. To add appeal, you might offer a low-cost or no-cost, environmentally helpful service—such as placing containers for customers to drop off ink cartridges for recycling.

What’s more, workplaces that meet efficiency standards can themselves earn national recognition as Energy Star® Partners. This is another selling point for environmentally aware buyers.

Here are five ways that a business can lower its expenses, while also helping the environment:

- **Get into the recycling loop.** First, recycle everything your community has facilities for. Most localities have paper and plastic recycling programs. Your community also might have businesses that recondition older computers and other office equipment. Then use recycled and recyclable products when available. Look for the triangular arrow-chasing-arrow symbol on containers. Read product packaging, being alert for any indication that it is recyclable. Tell suppliers that you prefer these items.

- **Do business electronically.** Reduce paper as much as possible. Take advantage of vendors’ toll-free telephone numbers and Websites to place orders. If you send out newsletters to regular customers, encourage them to take an e-mail version instead of paper.

- **Buy supplies in bulk.** Items sold in large quantities usually cost less per piece and may use less packaging.

- **Replace incandescent light bulbs with fluorescent ones.** Compact fluorescent light bulbs have a longer life and greater efficiency and will save money in the long run.

- **Use environmentally friendly transportation.** You might adjust schedules or business hours to take advantage of carpooling or public transportation. Offer employees low-cost incentives, such as a gift card from a bicycle shop for those who ride to work. Encourage the use of hybrids or other energy-efficient cars.
**SECTION 5.2**
Socially Responsible Business & Philanthropy

**ENTREPRENEURSHIP ISSUES**

**Peace through Entrepreneurship**

**Thinking Critically**
Possible points include: (1) Entrepreneurship leads to invention, so it could solve problems of scarce resources. For example, in a city without enough water, an entrepreneur might be able to invent a way to better collect rainwater or build an aquifer. This would prevent fighting over water. (2) Successful small businesses can enrich citizens and communities, creating funds for schools and hospitals. When people’s basic needs are met, war is less likely to break out. (3) Business owners often travel to meet with potential customers in other communities, which fosters friendship and understanding between people.

Encourage discussion about how entrepreneurs in the United States could help entrepreneurs in other parts of the world.

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You may have heard of the **carbon footprint**, which measures the amount of carbon you use and thus release into the atmosphere. Carbon is a byproduct of burning coal and oil-based fuels. A combination of factors—such as the type of car you drive, how much you drive, the method of heating your home—determine your personal carbon footprint. One recent development in environmental responsibility is the practice of buying carbon offsets. Through a **carbon offset** you “buy” a certain amount of carbon, usually at a per-ton price, to help offset your carbon footprint. Offsets are sold by both nonprofit groups and for-profit traders, who invest the money in renewable energy producers or resource-conservation projects.

Following the guidelines above for energy efficiency is the surest way to lighten a business’s carbon footprint. If your company leaves a heavy footprint because you do a lot of automobile travel, for instance, you might want to look at carbon offsets as an option. Look closely, however. Regulation of carbon offset trading is uneven and the benefits can be hard to verify. You have the most assurance in buying carbon offsets through a company that has the resources to monitor how the money is used. You might find that a company you do business with has an innovative carbon offset program. For example, certain airlines allow fliers to buy offsets based on the number of miles they fly.

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**Extension**
As an extension to the “Entrepreneurship Issues,” ask students to research groups that promote peace. Does the organization have an entrepreneurship or business component?
Some businesses try to appear environmentally responsible by overstating their commitment; this is called **greenwashing**. Such businesses take small steps, more for appearance than for impact, or advertise a practice that’s required by law anyway. For example, a lawn and garden shop may claim, “All our pesticides meet federal guidelines for environmental protection.” In reality, it would be illegal to sell products that did *not* meet these standards. Greenwashing is unethical at the very least and can hurt a business’s reputation.

**Responsibility to the Community**

Businesses are increasingly supporting the cause of disadvantaged and needy people. Sometimes financial gain is the motive. Sometimes they do it through outright gifts or by making donations to nonprofit groups chartered to help those in need.

**Cause-Related Marketing**

**Cause-related marketing** is a partnership between a business and a nonprofit group for the benefit of both. At its best, cause-related marketing accomplishes two goals: it increases sales for the business and raises money and awareness for the nonprofit group.

One form of cause-related marketing that you’re probably familiar with is **sponsorship**, in which a business sponsors a community event or service in exchange for advertising. For example, a travel agency might want to sponsor the local Little League baseball team. The agency’s financial support makes participating in Little League affordable for more children. In exchange, the business’s name and logo appear on the ball-field fences and the back of team shirts. The team’s Website has a link to the

**Figure 5-8**

*Sponsorship*

Many local companies sponsor Little League teams.

**Applying Concepts.** How does this type of sponsorship help a business?
SECTION 5.2
Socially Responsible Business & Philanthropy

Philanthropy

*BusinessWeek* magazine’s list of the 50 most generous philanthropists for 2006 includes a notable number of entrepreneurs. Well-known names and the focus of their philanthropy include Michael and Susan Dell, founders of Dell, Inc., who focus on children’s health and education; Pierre and Pam Omidyar, founders of eBay, who focus on individual self-empowerment; Cheryl and David Duffield, founders of PeopleSoft, who focus on animal welfare and humane society; Jeff Skoll, founding president of eBay, who focuses on social entrepreneurship; and Tom Monaghan, founder of Domino’s Pizza, who focuses on Catholic education.

Philanthropy

The energy and initiative that makes entrepreneurs leaders in business can also make them leaders in philanthropy when they donate money and other resources for socially beneficial causes. Although philanthropy is often associated with large corporations, owners of much smaller businesses are often actively involved in giving back to their communities. In fact, many local service groups couldn’t survive without the contributions of local entrepreneurs and small businesses.

Ideally, philanthropy is “a help up, not a handout.” That is, its aim is to give people the resources they need to improve their lives on their own, and to build something for future generations. This has been the philosophy of the most notable philanthropists, both past and present.

Money is the chief way of being philanthropic. Besides writing a check to support a nonprofit group’s immediate needs, entrepreneurs can invest by creating or contributing to an endowment fund. The nonprofit group uses the income from the endowment for ongoing needs or for a specific project. Other business owners have established matching gift programs in which they match contributions made by employees or clients.

Some businesses find themselves in a position to donate property. A restaurant that’s changing its decor could give its curtains, wall hangings, or dinnerware to a social service agency that helps clients transition from homelessness. A business that’s switching to a new computer network might have old hardware and software that would travel agency. The travel agency contributes to the community’s quality of life while advertising to the community. The community and the business both benefit.

Other types of cause-related marketing are becoming popular. One is facilitated giving, in which a business makes it easier for customers to contribute to a cause. For example, a store might have canisters in checkout lanes for customers to drop in their change for a local charity. Another might sell packaged food baskets to be donated to food banks around the holidays. In a purchase-triggered donation, for every purchase of a particular item the business contributes an amount of money or a percentage of the purchase price. Restaurant owners used this technique to raise $12 million for victims of Hurricane Katrina. Some 17,000 restaurants took part in the one-day campaign, called Dine for America, donating the proceeds to the American Red Cross.

Cause-related marketing requires careful planning. The cause should be popular and the nonprofit group well known. Often a business partners with a nonprofit to which the business (or the business owner) has a special connection. For example, Wendy’s hamburger-restaurant chain had a cause-related marketing program that encouraged the adoption of foster children. The cause was undeniably a worthy one, but the fact that Dave Thomas, the founder of Wendy’s, was himself an adopted child demonstrated the business’s special connection to this cause.
be an upgrade for a nonprofit group. Charitable organizations need donations of products and services to make silent auctions a success, as well as snacks for volunteers who work at nonprofit-sponsored events.

A gift of a good or service is called an **in-kind donation**. Both monetary gifts and in-kind donations can be declared on an entrepreneur’s income tax statement and may help lower his or her tax liability. Gifts that are used to help people in a particularly disadvantaged area are sometimes eligible for additional tax breaks.

A business’s workforce can be an asset to a service group, as well. Volunteers from a local business who help with a community project are making a visible statement about that business’s commitment. This sort of volunteering also helps the business. Experts on workplace relations recognize volunteer projects as an effective, low-cost way to foster unity and teamwork among employees.

Entrepreneurial skills translate well for volunteering efforts. For example, the organizational skill involved in scheduling employees is easily applied to scheduling volunteers. Because they are comfortable being in charge, many business owners serve on a nonprofit group’s board of directors or help with management. This gives them more say in how their donations are spent and provides the nonprofit with capable leadership.

Other entrepreneurs have special talents related to their respective businesses. A photographer who takes wedding and family photos for a living can use those skills to lay out an attractive fundraising brochure.

**Figure 5-9**

Percentage of Entrepreneurs that Volunteer

Of the entrepreneurs surveyed, almost 80 percent said they and their families did volunteer work. This chart breaks down that figure by the number of hours volunteered annually.

**Analyzing Data.** In which hour range did the largest percentage of entrepreneurs and their families fall? How do you explain this finding?

- More than 200: 31.4%
- 101–200: 20.1%
- 51–100: 17.2%
- 1–50: 11.1%
- None: 20.2%

Figures show hours volunteered per year.

Ask if it’s a good idea for business owners and their employees to volunteer side by side. Would the workplace roles carry over to the volunteer work, or would a more personal relationship develop? What might be the advantages and disadvantages in each case?

**Figure 5-9**

The largest percentage of entrepreneur’s families volunteered the greatest number of hours. It may be that volunteerism was a shared family value or that very socially committed entrepreneurs inspired their families to volunteer.
This type of hands-on philanthropy takes time. Although time is a scarce resource for many entrepreneurs, they often see spending time on the community as a wise investment. Giving back to the community is a chance to build professional and personal relationships. Staying involved lets them know what people in their area need, which can help them make business decisions. Also, working in new situations can restore creativity and teach useful skills for the entrepreneur to use in business.

On the other hand, volunteering can be a mental and physical break from business, from the pressure to succeed and make a profit. Philanthropy comes from two Greek words that translate as “one who loves humankind.” For many entrepreneurs, that definition sums up their reasons for giving.

**Critical Thinking**

5. Answers will vary. Being labeled as an “ecopreneur” can identify a business as environmentally friendly, which is an asset with many consumers. It can be a problem if the entrepreneur wants to expand in ways that don’t fit the label.

**Working Together**

Remind groups that the cause should agree with the types of businesses as well as with each member’s beliefs. You might wish to assign a cause if a group is having trouble choosing one. However, this is a chance for individual students to practice leadership and persuasive skills by arguing for a cause in which they believe. They can exercise problem-solving skills by reconciling various types of businesses with a cause that’s consistent with all.

As groups share their ideas, compare the examples of each form of cause-related marketing or philanthropy they used.
Giving Back: We Lend A Hand

When Terrence L. Hargrove was in high school, he started a candle-selling business called Passions. He bought candles wholesale and sold them retail. Several months later, he started Dynasty Cleaners, a cleaning service for schools and businesses. Both ventures were successful and Terry made money. He went on to college and also worked as an assistant teacher in a Connecticut high school.

Lending a Hand to Students

While attending college, Terry continued teaching in high school. “I saw a lot of kids that had potential,” he said, “but they were repeat offenders and kept getting in trouble with discipline action—detention, in-school suspension, and out-of-school suspension.” Terry met with the principal, trying to figure out what could be done to help these students and keep them from getting in trouble. His next business, called We Lend A Hand, was created from that meeting.

We Lend A Hand helps students who are at risk of being suspended or expelled by providing mentors and access to community action programs where they can channel their frustrations into a productive activity. The at-risk students are given their choice of serving detention or in-school suspension or completing a We Lend A Hand program. This could involve, for example, choosing a plot of land on school grounds, transforming it into a mini-garden or walkway, and then writing about the experience.

Raising Money

We Lend A Hand is a not-for-profit company, and everyone working for it, including Terry, is a volunteer. “We raise money through the community,” said Terry. “We go to different small businesses and ask them to donate to We Lend A Hand to build up our treasury so that we’re able to do different projects.” Although raising money is typically the hardest job in a non-profit organization, We Lend A Hand has had a different experience. “The community has really jumped on to help out. I guess they recognize the issue and see the problem and believe that We Lend A Hand has one of the solutions to the problem.”

Keeping Books

One difference Terry has found between his for-profit companies and We Lend A Hand is in keeping financial records. Because the money is being donated from outside sources, “We pay very much more attention and detail to how we do our books. Our donors can see where their money is going . . . and how it’s being spent. Our books always have to be correct and right at all times.”

For Terry, We Lend A Hand reflects a certain philosophy. “No matter how successful you can be, you have to remember your community. You can’t put yourself always first. You have to use everything that you have to go back and build the next generation, so they can have a better opportunity.”

Thinking Like an Entrepreneur

1. Answers will vary. Mention that these students often don’t have many options outside of a program such as this. Ask students how they would respond to this.
2. Answers will vary. Encourage students to think of raising money in ways that relate to the concept of the nonprofit.
3. Using someone else’s money typically requires more transparency to ensure that donors understand the finances of the nonprofit.

Science: Green Technologies

Before students begin the project, tell them that they may find the scientific information challenging. As they share their reports, discuss the type of education and experience, in addition to business training, that would be useful to understanding the technology in each field.

Extension

Entrepreneur Profile Extension: Many nonprofits are charitable organizations and raise money both for the organization as a whole and for specific projects. Have students pick a charitable nonprofit and research how much of the money it raises actually goes to the services it provides.
CHAPTER 5
Ethics & Social Responsibility

Review

Chapter Summary
Encourage students to use the Chapter Summary on their own to review the important concepts introduced in this chapter.

Review Vocabulary
Encourage students to put an imaginative slant on their stories. For example, the article might describe a competition for most ethical businesses in the community or a report about an entrepreneur speaking to schoolchildren on what it means to be ethical. It might be about job applicants comparing the ethical track record of potential employers or an interview with a retiring entrepreneur giving his or her philosophy of business ethics.

CHAPTER SUMMARY

5.1 Ethical Business Behavior
Ethics are moral principles that govern decisions and actions. They are based on universal values that have been shared by all cultures throughout history. Cultures differ in how they express and enforce ethical values. Business ethics are moral principles applied to business issues and actions. Practicing business ethics benefits entrepreneurs. Businesses demonstrate ethics by practicing transparency, encouraging whistle-blowers, and writing a code of ethics. Transparency is openness and accountability in business decisions and actions. An important ethical concern for entrepreneurs is intellectual property, which is an artistic or industrial creation or invention. The protections for intellectual property are copyrights for artistic work, trademarks for brands and brand names, and patents for inventions. Other ethical concerns for entrepreneurs are conflicts of interest and confidentiality.

5.2 Socially Responsible Business and Philanthropy
Businesses demonstrate corporate social responsibility when they act in ways that balance profit and growth with the good of society. Businesses have a responsibility to treat employees, customers, suppliers, investors, and creditors ethically. Four qualities mark a responsible relationship with customers: honesty, respect, accessibility, and attention. Socially responsible entrepreneurs also try to preserve and protect the environment. Businesses and entrepreneurs give back to the community through cause-related marketing, which can include sponsorships, facilitated giving, and purchase-triggered donations.

REVIEW VOCABULARY
Imagine you are a reporter writing a story on ethics and business. Incorporate at least ten terms from the following list in your story.

- business ethics (p. 106)
- carbon footprint (p. 122)
- carbon offset (p. 122)
- cause-related marketing (p. 123)
- conflict of interest (p. 113)
- copyright (p. 111)
- corporate social responsibility (p. 115)
- ethical sourcing (p. 115)
- ethics (p. 105)
- facilitated giving (p. 124)
- fair use (p. 112)
- greenwashing (p. 123)
- infringement (p. 112)
- in-kind donation (p. 125)
- intellectual property (p. 111)
- patent (p. 111)
- philanthropy (p. 124)
- public domain (p. 112)
- purchase-triggered donation (p. 124)
- social media (p. 108)
- sponsorship (p. 123)
- sustainable (p. 120)
- trademark (p. 111)
- transparency (p. 107)
- universal values (p. 106)
- whistle-blower (p. 108)
CHECK YOUR UNDERSTANDING
Choose the letter that best answers the question or completes the statement.

1. Greenwashing is unethical because it
   a. infringes on copyright
   b. misleads consumers
   c. creates conflict of interest
   d. all of the above

2. Pauline’s Pooch Palace gives $1 from every dog grooming to the local animal shelter. This is an example of
   a. sustainable design
   b. fair trade
   c. purchase-triggered donation
   d. philanthropy

3. A well-written code of ethics
   a. enhances a business’s reputation
   b. helps attract quality employees
   c. helps prevent legal problems
   d. all of the above

4. The owner of a children’s clothing store uses popular cartoon characters in her ads. This might be an example of
   a. copyright infringement
   b. social media
   c. cause-related marketing
   d. conflict of interest

5. By donating much of his fortune to building libraries, the American industrialist Andrew Carnegie demonstrated his belief in
   a. sponsorship
   b. philanthropy
   c. sustainability
   d. ethical sourcing

6. One way to reduce a business’s carbon footprint is through
   a. greenwashing
   b. sponsorship
   c. communicating with investors
   d. sustainable design

7. When communicating with investors, an entrepreneur should
   a. give both good news and bad news about the business
   b. suggest ways that a larger investment would improve sales
   c. make confident predictions about the business’s growth
   d. give only the information the investors specifically ask for

8. One challenge to writing a code of ethics is
   a. balancing contrasting qualities in an effective way
   b. avoiding controversial issues
   c. pleasing investors
   d. avoiding copyright infringement

9. A carbon footprint measures
   a. your sustainable energy
   b. the amount of carbon in the environment
   c. the amount of carbon you use
   d. the amount of carbon offsets you have purchased

10. A business promotes transparency through
    a. energy efficiency
    b. protecting whistle-blowers
    c. buying carbon offsets
    d. fair trade

11. Lila, a kitchen designer, helps clients choose appliances. An appliance dealer gives her gifts and tickets to shows. This situation has the potential for
    a. cause-related marketing
    b. patent infringement
    c. conflict of interest
    d. fair use

12. A code of ethics is most useful when it is based on
    a. philanthropy
    b. universal values
    c. fair use
    d. environmental responsibility

Pearson Test Gen
Chapter 5 of the Pearson Test Gen test bank software can be used to generate tests for this chapter.
CHAPTER 5
Ethics & Social Responsibility

Extend

**Business Communication**

13. Have groups share their items. Compare how similar values are carried out in various fields.

14. Bring in examples of blogs that use an informal style and the writer’s personality to connect with people on a personal level. How do students think writing a blog affects an entrepreneur’s attitude toward and relationship with customers? How does this affect his or her business decisions?

15. Tell some groups to end their scene with the investors agreeing to continue financing the business; have other groups write the opposite ending. Ask the class what made the difference in the investors’ minds. Were the entrepreneurs too pessimist? Too optimistic?

**Business Math**

16. For Energy Star® unit, about 88.9%; for conventional, 87.5%. Restaurant owner would save $330.

17. About 121 made no contributions. About 510 made in-kind donations (donated goods and services).

**Business Ethics**

18. Ask if students think the employee is right. If so, how will they act to be more honest in the future? If not, will they punish the employee? Give her a second chance? Fire her? Ask whether her insistence on transparency can be an asset to the business. How would a written code of ethics be valuable here?

**Business in Your Community**


20. You might assign groups a specific type of business, such as fast-food restaurants, clothing stores, or dry cleaners. Have groups compare their findings in class. Discuss reasons for any patterns they see. For example, are certain types of businesses more lighting conscious? Are franchises any more or less energy efficient than independents?

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13. Working in small groups, choose a specific type of business. Write three items of a code of ethics that apply to that business. With each, explain how it relates to universal values.

14. Imagine that you made a mistake that inconvenienced and angered customers. Write a paragraph that will be posted on your company’s Website. Keep in mind the importance of both transparency and confidentiality.

15. In small groups, write and perform a scene in which you give a financial report for your business at a meeting with investors. The business hasn’t done well, and you need money. How will you answer investors’ questions, accepting responsibility without causing them to lose confidence?

16. See the table below. For each unit, what percentage of the operating cost goes for electricity? How much money in water costs could be saved by replacing three conventional dishwashers with three Energy Star® models?

<table>
<thead>
<tr>
<th>Commercial Dishwasher: Annual Costs</th>
<th>Energy Star® Unit</th>
<th>Conventional Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Costs</td>
<td>$890</td>
<td>$1,556</td>
</tr>
<tr>
<td>Electricity</td>
<td>$112</td>
<td>$222</td>
</tr>
<tr>
<td>Total</td>
<td>$1,002</td>
<td>$1,778</td>
</tr>
</tbody>
</table>

17. In a survey of 809 small-business owners, eighty-five percent said they donated money to a charity the year before. Specifically, how many made charitable contributions?

18. Your business went through a slump last month, and you weren’t sure you could pay your employees. You decided that, if needed, you would take the money from your own savings. Fortunately you didn’t have to, but one employee found out and told the others. She said she thought they had the right to know when their jobs were in danger and that you had acted dishonestly in not telling them. She also said she would do the same thing in the future. How would you handle this situation?
E-Mail

When the U.S. Postal Service was formed on July 26, 1775, letters were delivered by horse-drawn carriages. It could take weeks to receive a reply to a letter. A little over one hundred years later, the telephone was invented. Two people in different locations could talk to each other instantly—if they were connected by phone lines.

Today, e-mail combines features of both mail and telephone service. People can now receive messages instantly. They can also instantly send and receive many other types of information: videos, photographs, documents, music files, and links to Websites. They can do all this without having to be connected to phone lines.

Managing E-Mails

Electronic mail, or e-mail, is the most common type of computer-enabled communication. Because e-mail is so easy to use and can be sent to multiple recipients, businesspeople can receive hundreds of messages a day. Of course, not all of these are equally important. That’s why there are e-mail management programs to help you. For example, you can sort e-mail into folders. Some e-mail programs have pre-set categories, such as “Waiting,” “Hot Contacts,” and “Time and Expenses.” You can even establish rules that allow your computer to sort your e-mail automatically.

Another way to manage your incoming e-mails is to set up a system of “flags.” For instance, all your red-flagged items might be important business e-mails that need immediate attention. Blue flags might indicate e-mails from an organization you belong to. Yellow flags might indicate e-mails from friends.

Sending E-Mail

People sending you e-mail can also help you organize it. They can use their e-mail management programs to tell you that the message you are receiving is confidential or of high importance.

Most e-mail programs will allow you to change the appearance of the messages you write. You can select various colors, backgrounds, and fonts (styles of typefaces). You may also be able to select the stationery to use for writing e-mails. This is a pre-set selection of fonts, font color, background color, and graphics that resemble printed stationery and make your e-mails look more finished and attractive. You can even have your e-mail management program add a signature to your letter automatically. A signature is text that is added to a letter along with your name. This could be a quote you like, your office phone numbers and hours, or anything else you would like to add automatically at the end of your messages.

The ease and speed of e-mail has changed business, as well as people’s everyday lives. Any entrepreneur working today needs to know how to manage and send e-mails in the most efficient way possible.

Tech Vocabulary
- fonts
- stationery
- signature

Check Yourself
1. Would you organize e-mails by sorting into folders, by flagging messages, or by a combination of both methods?
2. How would you feel about a sender who sent a message that was labeled "high importance" when you didn’t think it was?
3. Why would people want to use e-mail stationery?

What Do You Think?
Writing. If you used a quote in your signature, what would it be?

E-mail

Discuss with students how they manage and send e-mails. Do they, for instance, sort mail into folders? Set up rules and have the computer sort mail? Does anyone use the preset categories? Do they flag e-mails to indicate priority? Do they use stationery? Discuss why there are so many e-mail options. Does the class think most people use them? Ask any students who use a signature to share it with the class.

Check Yourself
1. Answers will vary. Students even now will probably have specific preferences for organizing their e-mails.
2. Answers will vary. This points out that the value the sender places on an e-mail may not be the same as the recipient’s value.
3. Answers will vary. People use stationery to “dress-up” and individualize their correspondence. People do not typically use the same stationery for all of their correspondence.

What Do You Think?
Students have the opportunity of showing their individualism in the exercise. Encourage them to do research online for quotes they could use.