

## Outline of Business Economics

### November 13, 2012

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**Note:** To look up references, see the Consciousness Bibliography, listing 10,000 books and articles, with full journal and author names, available in text and PDF file formats at  
[http://www.outline-of-knowledge.info/Consciousness\\_Bibliography/index.html](http://www.outline-of-knowledge.info/Consciousness_Bibliography/index.html).

#### SOCI>Economics>Microeconomics>Business

##### **business**

Individuals, partners, or corporations can buy labor, capital, and materials and produce goods and services {business}}.

##### **legal structure**

Businesses include sole proprietorship, partnership, corporation, limited liability company (llc), personal service corporation (psc), or family business.

##### **processes**

Businesses have processes {business process}: operations, transfers, inspections, and storage. Distances, times, delays, and buildings affect processes.

##### **system**

Businesses have inputs, processes, and outputs. Processes start, stop, and require decisions. Businesses create, move, inspect, modify, handle, and store forms.

##### **system: costs**

Businesses have labor, capital, and material costs.

##### **system: revenue**

Businesses have revenue from selling goods and services.

##### **structure**

Businesses have structure by departments and jobs. Businesses have authority levels and responsibilities.

##### **structure: distribution**

Businesses send goods and services around market.

##### **structure: marketing**

Businesses try to create demand for their goods and services.

##### **structure: sales**

Businesses close deals for their goods and services.

##### **structure: personnel**

Businesses manage employees.

##### **structure: finance**

Businesses manage cash flow and assets.

### **buying business**

Buyers need good credit and enough money. Buyers evaluate their skills and experience and choose the best business. They have advisors, organize financing, evaluate disclosure documents, evaluate business, check market, determine fair price, and create business plan. Buyers can manage the business or hire manager.

Existing businesses have business system, customers, equipment, inventory, suppliers, employees, facilities, and immediate revenue. Existing businesses can have market, financial, liability, or debt problems. New owner typically needs previous-owner experience and personal relationships for a while.

### **starting business**

In USA, starting businesses is risky, because probability of survival for two years is one half and for five years is one-fifth. Starters must risk their own money and can have trouble getting financing. Income is low for long period. Starters must have many skills, including people skills.

### **private enterprise**

Businesses {private enterprise} can be non-governmental.

### **enterprise**

business {enterprise}.

### **entrepreneur**

People {entrepreneur} can start businesses. Entrepreneurs exhibit individualism, work diligently, spend little, have self-discipline, want wealth, have personal initiative, and follow self-interest.

### **outsourcing**

Businesses can have work done by contractor companies {outsourcing}. Businesses do not have to hire workers. The hired company is expert at doing that job, has knowledge of all laws and regulations, and can do the job cheaper and better.

### **offshoring**

Businesses can have work done by overseas contractor companies {offshoring}. Because of the Internet, high-quality phone and data lines, cheap communications, and the availability of communications equipment in all countries, companies can hire another company in another country. The hired company and country typically have low wages, few regulations, little unionization, and large numbers of workers with good English, and they encourage overseas investment and partnerships. Tax laws allow tax exemptions for companies operating overseas if funds are kept overseas, and this promotes outsourcing and offshoring.

## **SOCI>Economics>Microeconomics>Business>Administration**

### **administration theory**

Administration theories {theory of administration} {administration theory} can use ideas by Henri Fayol {rationalistic theory}; F. W. Taylor {scientific management theory}; Argyris, Bennis, Likert, McGregor, William H. Whyte, Roethlisberger, and Zaleznik {organizational behavioral theory}; and Herbert Simon, J. G. March, and R. M. Cyert {systems theory} {decision theory, economics}. Good administration relates responsibility amount to authority amount. Good administration has only one supervisor for each worker, and supervisors control six or seven workers.

### **Black-Scholes model**

Models {Black-Scholes model}, based on thermodynamic equilibrium equations, predict stock-price volatility.

### **break-even analysis**

Business analysis {break-even analysis} can determine risk-of-loss range and out-of-pocket range. Risk-of-loss range includes time product sells at loss less than renting. Out-of-pocket range includes time that owning costs are less than renting costs.

### **feasibility study**

Business planning involves possibility study {feasibility study}|. Feasibility study determines fixed costs, variable costs, equipment choices, profits, sales, market factors, outside factors, housing, buildings, employee number, employee quality, efficiencies, alternatives, capital, renting needs, and buying needs.

#### **logistics**

Businesses or armies must procure and distribute supplies {logistics}|.

#### **planning in business**

Businesses can use past experience {forecasting}, models, simulations {simulation, economics}, computer graphics, optimizations, game playing, heuristics, adaptive problem solving, and trial and error {planning}|.

### **SOCI>Economics>Microeconomics>Business>Administration>Tests**

#### **benchmarking**

Businesses test applications to check efficiency and scheduling {benchmarking}|.

#### **program evaluation and review**

Business plans can evaluate {program evaluation and review} (PERT).

### **SOCI>Economics>Microeconomics>Business>Administration>Projects**

#### **project planning**

Business leaders find resources, set goals, and assign activities to connect resources and goals {project planning}|.

#### **critical path**

In networks, paths {critical path}| from beginning to end can take longest time. All extra effort is for critical-path tasks. Business plans can concentrate on critical path {critical path method}|.

### **SOCI>Economics>Microeconomics>Business>Inventory**

#### **inventory of business**

Businesses have some unsold, but ready to sell, goods {inventory, business}|.

#### **just-in-time**

Manufacturing can keep only enough inventory on hand to meet current production needs {just-in-time production}|. This system requires high-quality parts, reducing need for extra parts. This system requires that parts go to precise locations on exact schedules linked to production.

### **SOCI>Economics>Microeconomics>Business>International**

#### **globalization**

High-wage countries can transfer capital and technology to low-wage countries {globalization}, to employ cheaper workers. Globalization results from better telecommunication, cheaper air transportation, political stability, better infrastructure, better legal systems, and reduced tariffs.

#### **offshore**

Businesses can incorporate in another country {offshore}, which has no business regulations.

### **SOCI>Economics>Microeconomics>Business>Department**

#### **advertising**

Business departments {advertising}| can create communications to aid sales. Ideally, advertising involves honesty, fairness, genuine needs, high quality, functionality, simplicity, fair labor practices, and modest profit. Really, advertising faces pressure to do the opposite.

#### **consulting**

Businesses typically ask for help, mostly from outside company. People with skills and experience can contract for projects {consulting}|.

#### **effects**

Consultants have flexible schedules, more independence, low financial investment, and higher potential income. Consultants typically have low income at first, must work alone, must risk own money, and have many clients instead of one boss.

#### **planning**

Potential consultants evaluate their people skills and experience. They define consulting niche, market, competition, fees, business plan, and business processes. Starting consultancy has low risks and is easier than setting up business.

#### **accounting**

Business departments {accounting}| can track expenditures and revenues, record financial transactions and prepare financial statements.

#### **human resources**

Business departments {human resources}| {personnel} can hire, promote, provide benefits to, and terminate employees.

#### **management**

Business leadership {management} coordinates production units, trying to have optimum profit, sales, efficiency, or other goal. Management is production factor. Management is like labor, because it is service, but is not a production unit.

#### **marketing**

Business departments {marketing}| can predict sales, investigate how to improve sales, and create material to aid sales. Ideally, marketing involves honesty, fairness, genuine needs, high quality, functionality, simplicity, fair labor practices, and modest profit. Really, marketing faces pressure to do the opposite.

### **SOCI>Economics>Microeconomics>Business>Department>Sales**

#### **sales**

Business departments {sales department} can convince customers to buy {selling}. Ideally, selling involves honesty, fairness, genuine needs, high quality, functionality, simplicity, fair labor practices, and modest profit. Really, selling faces pressure to do the opposite.

#### **window dressing**

Store window displays {window dressing} can make good appearance.

### **SOCI>Economics>Microeconomics>Business>Department>Sales>Charges**

#### **cost-plus**

Price can reflect cost plus small percentage {cost-plus}|.

#### **cover charge**

Amount or percentage {cover charge}, for snacks or entertainment, can add to bill at bar or nightclub.

#### **surcharge**

Taxes or extra amounts {surcharge}| can add to cost, for extra service.

### **SOCI>Economics>Microeconomics>Business>Department>Sales>Customers**

#### **carriage trade**

wealthy customers {carriage trade}.

#### **clientele**

luxury-store customers {clientele}.

## **SOCI>Economics>Microeconomics>Business>Department>Sales>Practices**

### **discount**

Deductions {discount} from regular prices can help sales.

### **hard sell**

Selling or advertising can use product features and perceived need {hard sell}|, not sex, glamour, personality, or humor.

### **loss leader**

Stores often use low-priced item {loss leader}| to get customers to come to the store, and hope they buy other things.

### **rebate**

Returns {rebate} of part of payment can induce sales.

### **sharp practice**

deceptive selling {sharp practice}.

### **shell game**

switching situation or goal to deceive {shell game}.

### **skin game**

cheating {skin game}.

### **soft sell**

Selling or advertising can use sex, glamour, personality, or humor {soft sell}|, not product features and perceived need.

## **SOCI>Economics>Microeconomics>Business>Department>Sales>Documents**

### **bill of exchange**

Orders {exchange bill} {bill of exchange}| can be to pay money to people.

### **bill of fare**

menu {fare bill} {bill of fare}.

### **bill of lading**

goods-received list {lading bill} {bill of lading}|.

### **bill of sale**

Written statements {sale bill} {bill of sale}| can transfer property rights in exchange for money.

### **blue book**

Books {blue book}| can list important people. Empty bound books are for examination answers.

### **chit**

Notes {chit} list cost for food and drinks.

### **invoice**

Lists {invoice}| can show delivered goods or services and their prices.

### **letter of credit**

Bank documents {letter of credit}| {credit letter} can authorize loans up to stated amount.

### **rain check**

Authorizations {rain check} can purchase something at later date at today's price.

**voucher**

Documents {voucher} can pay for good or service, such as school tuition.

**SOCI>Economics>Microeconomics>Business>Department>Sales>Sale**

**sale**

Stores often use low-priced loss leader to get customers to come to the store and hope that they buy other things {sale}.

**clearance sale**

sale {clearance sale} designed to reduce inventory.

**rummage sale**

used-item sale {rummage sale}.

**white sale**

linen sale {white sale}.

**SOCI>Economics>Microeconomics>Business>Document**

**articles of incorporation**

Corporation founding document {articles of incorporation} states date, name, corporation type, purpose, agent for service of process, and signature. It is notarized.

**business letter**

Letters {business letter} can state sender address, date, recipient address, salutation, thanks or purpose, enclosures, instructions or clarifications, closing, and signature.

**bylaws**

Corporation procedures {bylaws} state name, purpose, offices and officers, membership if any, board of directors, director election and removal, meetings, committees, fiscal year, contracts, bank accounts, amendments, and signature.

**employee handbook**

Employee rules and regulations {employee handbook} state date, employment types, and employee duties, responsibilities, rights, and privileges. It states technical details of employment and education. It discusses equal opportunity, relatives, citizens and residents, recruitment and staffing, part-time employment, resignation, disabilities, reimbursement, transportation, registration, references, solicitation, policies, discipline and corrective action, harassment, drugs, attendance, smoking, compensation, promotion, overtime, incentives, insurance, holidays, sick leave, vacation, benefits, emergencies, leave of absence, severance, and safety.

**employment contract**

Contract types {employment contract} can state date, agreement type, laws of state, venue, requirements, indemnity, release of liability, publicity, rights and claims, losses, supervisor, management structure, disability, project termination, work description, and signatures.

**loan contract**

Contract types {loan contract} can state date, lender, borrower, loan amount, amount due, due date, finance charge, annual percentage rate, prepayment, security, default, late charges, right of offset, collection fees, and acceptances.

**performance review**

Yearly employee evaluation {performance review} states date, name, performance period, department, job title, supervisor, goals, accomplishments, results, rating, awards, committees, and goal setting methods.

**registration form**

Signup sheets {registration form} state date, requirements, liability disclaimer, procedures, representation, use of name, management structure, schedule, and signatures.

#### **sales contract**

Contract types {sales contract} can state date, object type, object description, laws of state, venue, buyer, seller, price, closing date, financing, costs, disclosures, conditions. time period, dispute resolution, prorations, indemnity, and acceptances.

#### **straw man**

first proposed solution {straw man} {strawman} for discussion.

#### **use case**

business situation description {use case}.

#### **white paper**

Governments, consultants, or other authorities can write technical reports {white paper} about a problem category.

#### **wire frame**

line drawing {wire frame}.

### **SOCI>Economics>Microeconomics>Business>Document>Plans**

#### **business plan**

People can make management, marketing, financial, and structural analyses {business plan}, to present to lenders, vendors, lawyers, accountants, and consultants.

#### **type**

You can consult, franchise, buy, or start.

#### **legal**

Business can be sole proprietor, partnership, or corporation.

#### **factors**

You must consider business structure, taxes, contracts, copyrights, and liability.

#### **parts**

Business-plan title page has business name, date, version number, confidentiality statement, proprietary statement, address, and telephone number. Business plans have table of contents. Business plans include executive summary, present-situation statement, vision statement, goals statement, timetable, task schedule, market analysis, customer profile, competition analysis, risk statement, product analysis, process statement, pricing, fees, philosophy, marketing plan, communications with customers and others, management team, staff, functions to perform, legal structure, financial projection, capital needed, contingency plans, and conclusion. Goals statement has products/services, image, market, and income. Marketing plan is advertising, media, and referrals.

#### **financial plan**

Plans {financial plan} can show startup, legal, survey, marketing, capital, travel, communications, office, compensation, and professional services costs. Communications are Internet, telephone, fax, pager, and publications. Office has materials, utilities, and insurance. Professional services are banker, accountant, and lawyer. Plans can show capital expenditures for office space, office equipment, software, and office furniture. Office space has carpet, paint, and lighting. Office equipment is computer, printer, scanner, fax, and shredder. Software is for accounting, contacts, and documents. Office furniture is filing cabinets, shelves, chairs, and table. Plans can show yearly revenues for products and services, have cash-flow statement, and have balance sheet.

#### **operational plan**

Plans {operational plan} can show hours worked at task types each month.

### **SOCI>Economics>Microeconomics>Business>Sectors**

#### **agriculture**

Raising and processing food {agriculture} {farming, business} is a high-risk business. Weather and seasons cause farm prices to be unstable over short terms. Farmers typically need loans to plant and till, which they pay back after harvest. This situation increases risk. Small farms typically have low productivity and low income. Farmers typically expand production to take advantage of good years, resulting in too much food and thus lower prices.

**construction**

Businesses {construction} can produce buildings.

**manufacturing**

Businesses {manufacturing} can produce goods.

**numismatics**

coin collecting {numismatics}|.

**placer mining**

People can search river or glacier sand or gravel for minerals {placer mining}|.

**public utility**

communication, electricity, or natural-gas companies {public utility} {utility, business}.

**real estate**

Businesses can deal in land and buildings, plus property improvements, such as electricity, water, sewer, and telecommunications connections {real estate, business}|.

**realty**

real estate {realty}|.

**service trade**

Service trades {service trade} provide services.

**telecommunications**

telegraphy, telephone, radio, television, and Internet {telecommunications}|.

**telegraphy**

People can send messages, coded into long and short ons separated by offs, over wires {telegraphy}|.

**telemetry**

People can send messages, coded into long and short ons separated by offs, by radio {telemetry}|.

**wire service**

News organizations send articles, movies, and photographs over radio to subscribers {wire service}|.

**SOCI>Economics>Microeconomics>Business>Sectors>Finance****finance**

banking and stock markets {finance, sector}.

**bank**

Institutions {bank}| hold and lend money. Money is in checking or savings accounts.

**savings and loan**

Institutions {savings and loan}| {credit union} can have members who save money and receive loans.

**SOCI>Economics>Microeconomics>Business>Kinds****business types**



Production and supply involves different goods and services {business types}.

### **factors**

Businesses must have capital supply, buy labor and resources, and produce output. Businesses have expenses for investment, labor, resources, land, capital, interest payments, and taxes. Businesses receive revenue for production-unit output. Businesses hope to have positive difference between revenue and costs. Profit provides incentive for owners to have business, satisfies owners' desire for reward, and provides money for capital.

### **large businesses**

Large businesses have resulted from several factors. Technical developments require large plants. Computers and business theory aid management. Mergers eliminate competition and inefficiencies. Financiers encourage mergers and bigness. Expensive advertising requires large budgets. Complex and expensive patent laws require large legal staffs. Strong unions balance big companies.

### **chain store**

large retailer {chain store}|.

### **concession**

Business can obtain exclusive right {concession}| to sell product or service in political region.

### **franchising**

Business can be local branches {franchise} of a regional business. Business {franchisee} can buy right to sell product or service {franchising}| from company {franchiser}.

### **franchiser**

Franchiser can license franchisee to sell product or service and provide training, advertising, communications, and operating advice or techniques {business format franchise}, such as for fast-food restaurants and convenience stores. Franchiser can sell franchisee trademarked or brand-name products or services {product franchise} {trade name franchise}, such as for beer distributors and car dealerships.

### **franchise**

Established franchises have market for the product; assist with financing, training, advertising and promotion; and provide business model.

### **franchise: value**

Limiting competition, typically by licensing, makes franchise value increase.

### **franchisee**

Franchisees typically have higher income sooner but have higher starting costs and pay franchise fees, royalties, or gross-sales percentage. Franchisees must follow franchiser rules. Franchisees evaluate their skills and experience and choose the best business. They can have advisory boards, organize financing, evaluate franchises, check markets, and create business plans.

### **home office**

Offices {home office}| in homes need quiet and comfort.

### **properties**

Office is not near kitchen, TV, and other activities. Colors are neutral. Office has windows for fresh air and good furniture. Office has telephone, filing cabinets, bookshelves, computer, Internet modem, printer, fax machine, scanner, copier, adding machine, cell phone, desk lamp, radio, and safe.

### **effects**

Home officers have flexible schedules and no commute. They can deduct home office expenses. There is little risk, because no rent or lease. Working at home can cause friction with spouse or children. There can be many distractions. You work alone. Clients can be worry about home businesses. Zoning laws can prevent home businesses.

### **merger**

Company combinations {merger}| can eliminate competition and inefficiencies. Financiers encourage mergers and bigness.

### **small business**

Businesses {small business} can result from market growth, cheap and widespread transportation, available electric power, substitute availability, invention, low import tariffs, government small-business aid, and anti-monopoly laws.

**sole proprietorship**

Businesses {sole proprietorship}| can have one owner {single proprietor}. Sole proprietors are single persons or married couples. Independent contractors and all self-employed people are sole proprietors. USA has 15 million to 20 million sole proprietorships, 80% of all businesses. Sole proprietorship is typically the easiest and fastest way to start business and is the cheapest and most common way to start. Owner, not business, files tax return. Owner must pay estimated income tax, Social Security tax, and Medicare tax quarterly.

**turnkey**

People can acquire and operate systems in few steps {turnkey}|.

**SOCI>Economics>Microeconomics>Business>Kinds>Group****cartel**

Business groups {cartel}| can control production and prices.

**conglomerate business**

Businesses {conglomerate, business}| can grow by buying other businesses.

**syndicate**

Investment banks {syndicate}| can jointly underwrite company.

**SOCI>Economics>Microeconomics>Business>Kinds>Partnership****partnership**

Two or more people can start business {partnership}| and share profits and losses. Partners share responsibility for liabilities.

**types**

In most partnerships {general partnership}, partners have equal involvement in the business and can make contracts and perform all business transactions. Partnerships {limited partnership} can have separate managers and investors, who must register with state securities-regulating agency.

**tax**

Business does not file tax return. Partners must file, but can assign profits and losses differently. Changing partnership relation typically causes tax liability. Terminating partnership typically causes tax liability for all partners.

**family limited partnership**

Business is sole proprietorship if one person or married couple owns the business, even if family runs the business. Otherwise, it is partnership, limited-liability company, or corporation. Family can form limited partnership {family limited partnership}| (FLP) to minimize estate taxes. For partnership, lowest-income person claims profits.

**SOCI>Economics>Microeconomics>Business>Kinds>Corporation****corporation business**

Businesses {charter} {corporation}| can be legal entities allowed by states and have ownership shares.

**profit**

Corporation profits go to stockholders. Corporations can use profits to pay dividends {earnings per share} or to expand capital.

**startup**

Writing incorporation articles and bylaws and applying to state cause higher costs for forming corporations. Corporations pay annual fee to state.

**taxes**

Owners do not file tax returns and have no personal liability. Profit-making corporations can be C or S corporations.

**dividend**

Corporations can pay profits to stockholders. Company reports profit per stock share {dividend, stock}|.

**limited liability**

Stockholders are responsible for corporation debt only up to stock value {limited liability}|.

#### **SOCI>Economics>Microeconomics>Business>Kinds>Corporation>Kinds**

##### **C corporation**

Corporations {C corporation} can file tax returns. Owners are employees and do not file. Small C corporations typically do not pay taxes, because profits are for inventory or growth.

##### **close corporation**

Some corporations {close corporation}| do not trade stocks.

##### **holding company**

Companies {holding company}| can own other corporations.

##### **limited liability company**

Corporations {limited liability company} (llc) can file tax return but not pay taxes. Owners file tax returns but have no personal liability. State typically closely regulates limited liability companies.

##### **personal service corporation**

Corporations {personal service corporation}| (PSC) {professional corporation} can have license and have close regulation by state. They are only for health, law, engineering, accounting, actuarial science, performing arts, and consulting professionals, who cannot otherwise incorporate. Personal service corporations file tax returns. Owners do not file tax returns but have limited personal liability. Personal service corporations typically have lower taxes because they allow untaxed fringe benefits.

##### **S corporation**

Owners can file tax returns, not their corporations {S corporation}. Owners have individual tax rates. Owners assign profits and losses. Profits cannot be for inventory or growth. S corporations are typically good for businesses that expect to lose money during first years, because owners can report losses on tax returns.

#### **SOCI>Economics>Microeconomics>Business>Kinds>Corporation>Stock**

##### **preferred stock**

Corporations issue ownership certificates {preferred stock}| that have first rights to profits and repayment.

##### **share**

Corporations issue ownership certificates {share}| {common stock, share} for percentage of corporation, to get money to start, expand, or pay expenses.

#### **SOCI>Economics>Microeconomics>Business>Kinds>Customer Types**

##### **retail**

Businesses {retail, business}| can sell goods to consumers.

##### **wholesale**

Businesses {wholesale, business}| can sell goods to distributors.