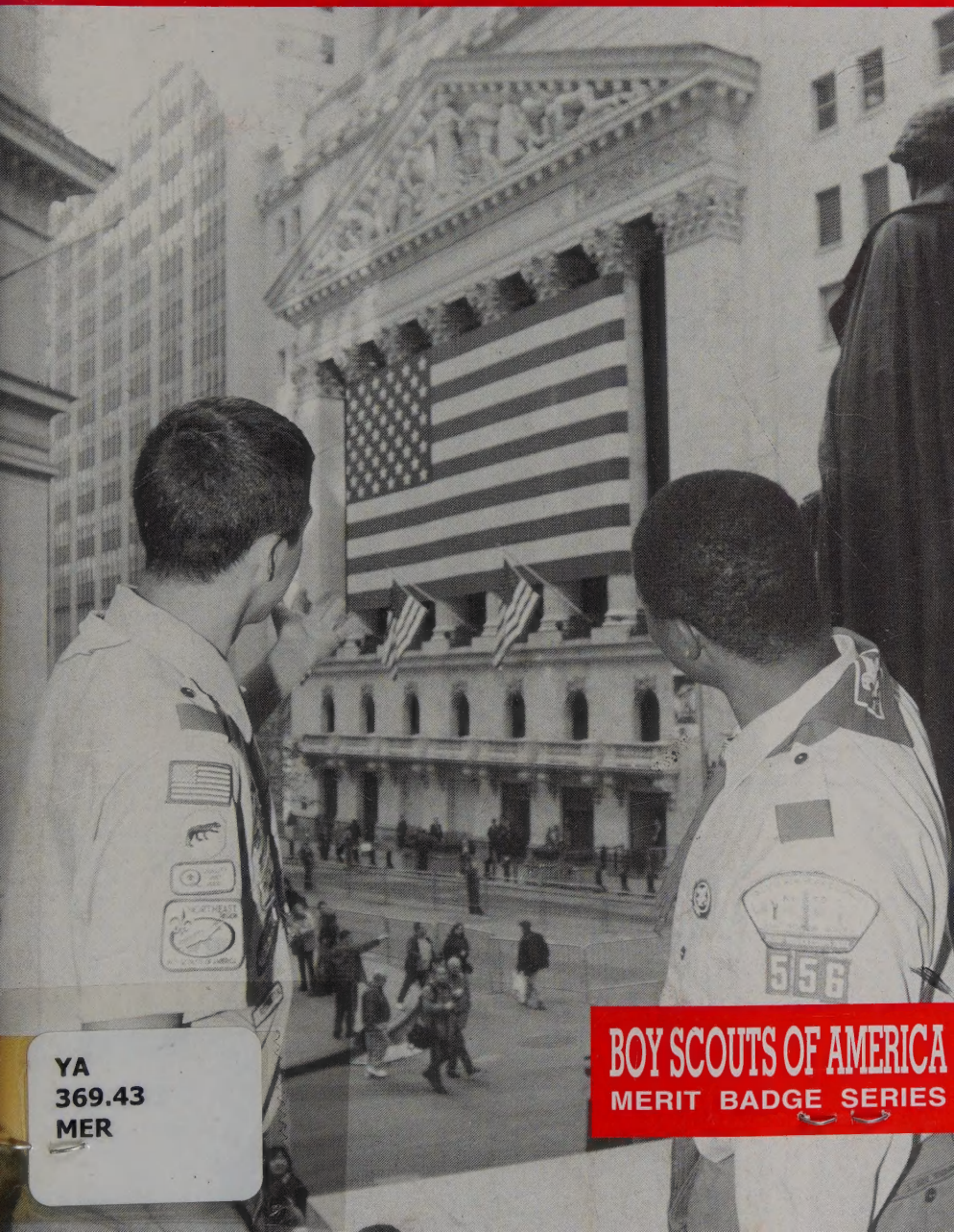


# AMERICAN BUSINESS



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MER

**BOY SCOUTS OF AMERICA**  
**MERIT BADGE SERIES**

Scouts learn practical business matters that  
function will help you understand society and



system in the United States. Tell its benefits  
between freedom and license. Tell how the  
free enterprise.

about the major developments that marked the  
United States. Tell about five people who had a  
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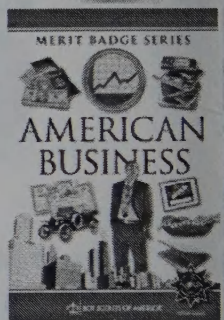
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d books about a current business leader. Write a two-page biography abo  
to your counselor. Focus on how this person became a successful business



*American Business*  
BSA Supply No. 35850



# A GIFT OF THE MEMORIAL TO MARVIN ROTHE TROOP 76 BSA

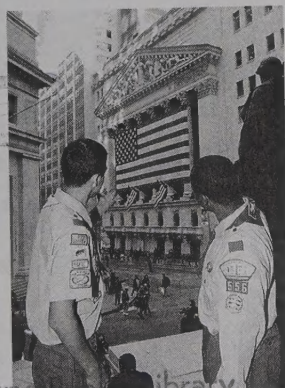
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DISCARDED

## AMERICAN BUSINESS

DISCARDED

On our cover:  
The New York  
Stock Exchange  
Building has  
served as home  
to the NYSE for  
nearly a century.



BOY SCOUTS OF AMERICA  
IRVING, TEXAS

Simsbury Public Library  
Children's Room  
725 Hopmeadow Street  
Simsbury, Ct 06070

# Requirements

1. Do the following:
  - a. Explain four features of the free enterprise system in the United States. Tell its benefits and responsibilities. Describe the difference between freedom and license. Tell how the Scout Oath and Law apply to business and free enterprise.
  - b. Describe the Industrial Revolution. Tell about the major developments that marked the start of the modern industrial era in the United States. Tell about five people who had a great influence on business or industry in the United States. Tell what each did.
2. Do the following:
  - a. Visit a bank. Talk with one of the officers or staff. Chart the organization of the bank. Show its relationship with other banks, business, and industry.
  - b. Explain how changes in interest rates, taxes, and government spending affect the flow of money into or out of business and industry.
  - c. Explain how a proprietorship or partnership gets its capital. Discuss and explain four ways a corporation gets its capital.
  - d. Explain the place of profit in business.
  - e. Name five kinds of insurance useful to business. Describe their purposes.

3. Do the following:
  - a. Pick two or more stocks from the financial pages of a newspaper. Request the annual report or prospectus from one of the companies by writing, or visit its Web site (with your parent's permission) to view the annual report online. Explain how a company's annual report and prospectus can be used to help you manage your investments.
  - b. Pretend you have bought \$1,000 worth of the stocks from the company you wrote to in requirement 3a. Explain how you "bought" the stocks. Tell why you decided to "buy" stock in this company. Keep a weekly record for three months of the market value of your stocks. Show any dividends declared.
4. Do ONE of the following:
  - a. Draw an organizational chart of a typical central labor council.
  - b. Describe automation, union shop, open shop, collective-bargaining agreements, shop steward, business agent, and union counselor.
  - c. Explain the part played by four federal or state agencies in labor relations.
5. Run a small business involving a product or service for at least three months. First find out the need for it. For example: a newspaper route, lawn mowing, sales of things you have made or grown. Keep records showing the costs, income, and profit or loss.

Report:

- a. How service, friendliness, hard work, and salesmanship helped build your business.
- b. The benefits you and others received because you were in business.

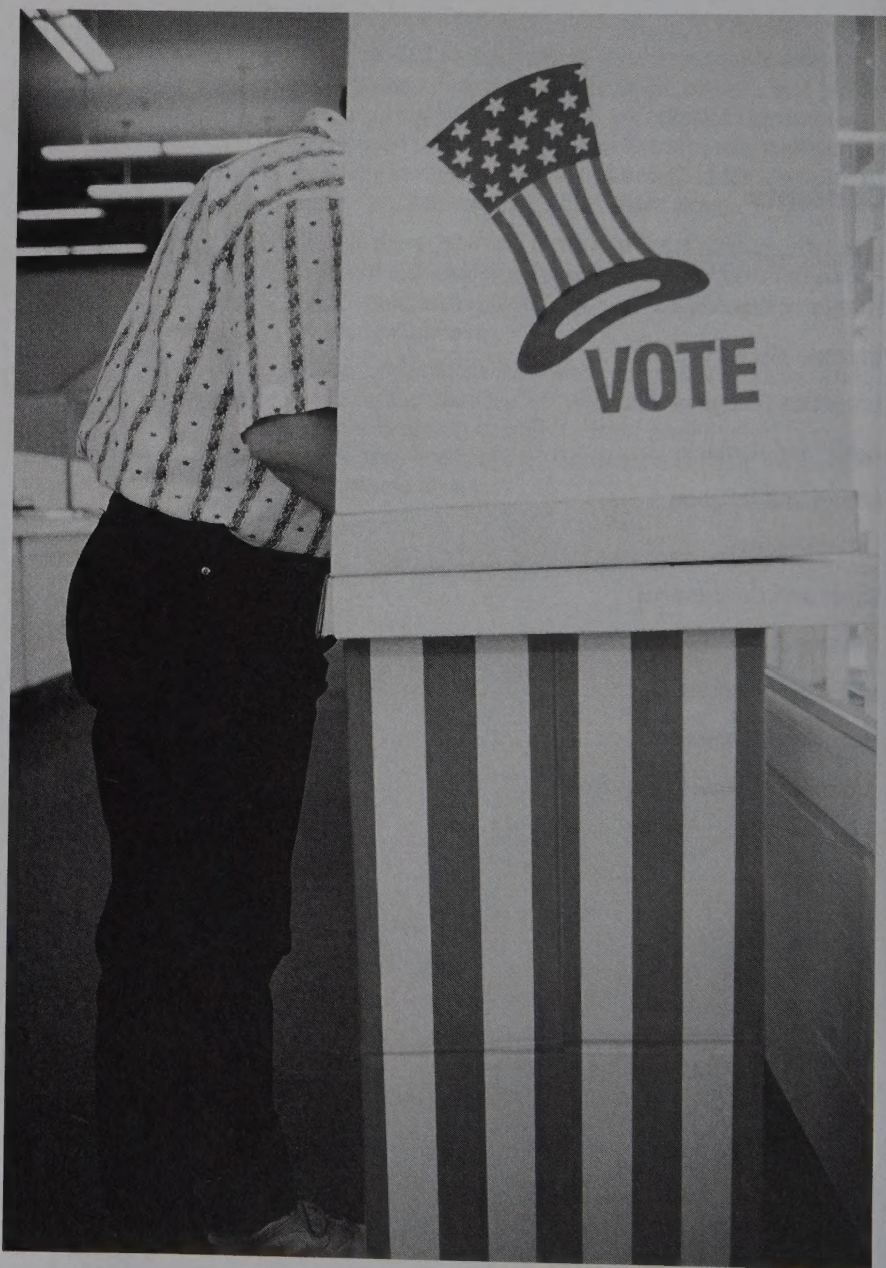
Comparable 4-H, FFA, or Junior Achievement projects may be used for requirement 5.

6. Do ONE of the following:
- a. Make an oral presentation to your Scout troop about an e-commerce company. Tell about the benefits and pitfalls of doing business online, and explain the differences between a retailer and an e-commerce company. In your presentation, explain the similarities a retailer and an e-commerce company might share.
  - b. Choose three products from your local grocery store or mall and tell your merit badge counselor how the packaging could be improved upon so that it has less impact on the environment.
  - c. Gather information from news sources and books about a current business leader. Write a two-page biography about this person or make a short presentation to your counselor. Focus on how this person became a successful business leader.

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# Introduction

As students and Boy Scouts, you are learning about new subjects and preparing for your future. When you become an adult, you will gain several rights, among them the right to vote, own property, and sign contracts. Earning the American Business merit badge can help you learn practical business matters that will be useful throughout life. Learning how businesses function will help you understand our society and possibly determine how you will choose to live in the future.

American business and government are based on *free enterprise*, including individual freedom and opportunity. Land and assets, such as equipment, products, and machines, are privately owned in free enterprise. Owners and workers can pursue their own interests, and consumers may spend their money however they choose. Even under a free enterprise system, though, some government supervision and regulations are needed to prevent abuses and to keep things as fair as possible. For instance, the Small Business Administration (SBA) helps small businesses obtain financing (loans) on reasonable terms from private sources that are licensed and regulated by the SBA.

Through voting, we can help choose those officials who pass the laws and regulations that affect how business is conducted. You can vote for those who share your opinion. These freedoms we now take for granted were considered radical ideas when our country was founded in 1776. Nevertheless, the American business system and government have allowed citizens here to enjoy high standards of living.

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Different countries have different business systems; the kind of business system a country supports is related to that country's type of government.

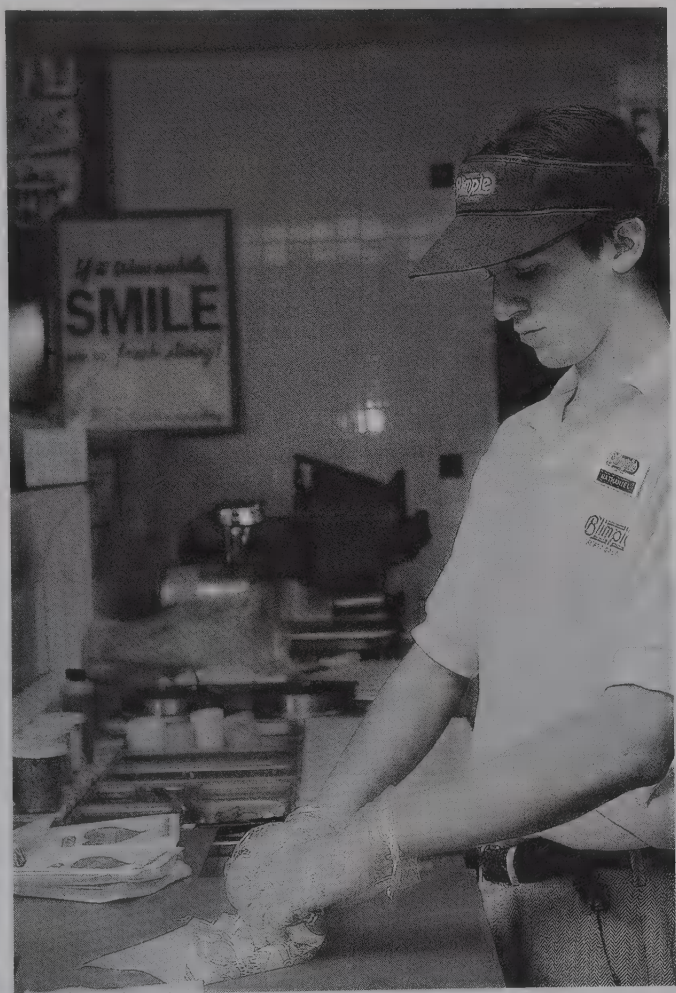
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## How Scouting Relates to Business

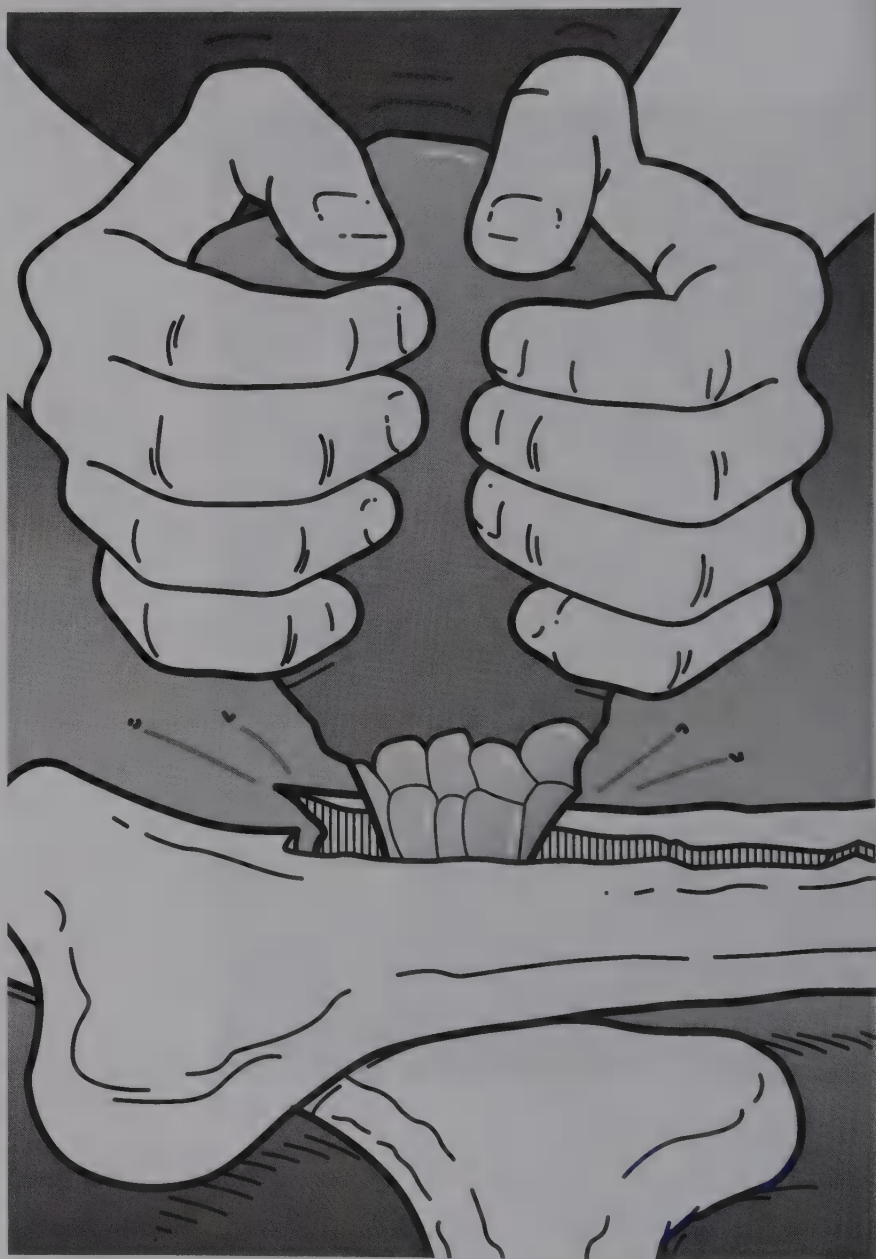
Scouting relates to good business practices in many ways. The Scout motto "Be Prepared" is one way. By the time you are ready to enter the work force (that includes a high school student working part-time!) or start a business, you should have some knowledge of how business works.

The Scout Oath to do your best and help people also applies if you are to be successful. In the business world, you must be trustworthy—dependable in your position or business and pay bills on time, among other things. That aside, you should help those who are less fortunate by helping charities without thought for personal gain. As a worker and business person, you also need to be friendly and courteous to attract and keep customers. Follow the laws and rules of business.

A Scout also should be thrifty, and set money aside for emergencies and other unforeseen needs. All citizens should help protect and conserve natural resources to make sure they are available for future generations. So, the values you learn in Scouting will help you in adulthood and your career.







# History of Business

Business has been conducted ever since the earliest humans began trading with one another. They lived by applying human energy to natural resources. Animals were caught by hand, fruits and other edible plants were picked by hand, and humans lived in caves, under rocks, and in trees.

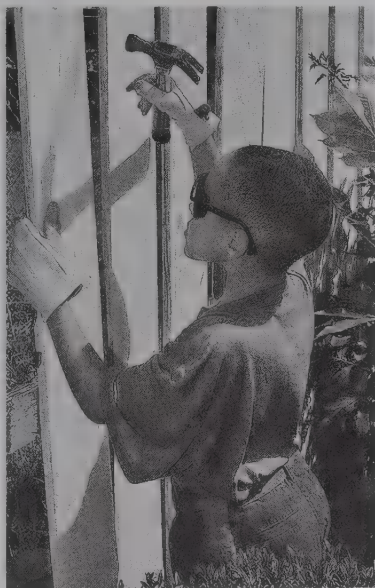
Civilization began when early humans discovered that using tools enhanced their ability to produce useful things. We use many kinds of tools—hammers, saws, screwdrivers. Others that you might not have thought of include can openers, computers, and utilities such as gas and oil. Buildings are tools because they provide shelter for people and useful objects and materials. Electricity is a tool because it supplies nonhuman power to run machinery and to provide light and heat. Wheelbarrows, trains, vehicles, and highways also are tools because they increase the ability to move people and goods to places where they can be more useful.

A tool is anything, natural or synthetic, that saves human energy and produces something that normally cannot be created by human energy alone. For example, using a stone or a trap to catch an animal makes the task easier, thus saving human energy. A fire can be used to cook something, a task that human energy alone cannot produce.

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Natural resources can be used as tools. Water from rivers and lakes, for example, can become a tool when it is channeled through a generator to make electricity.

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Eventually, many things made by hand started being made by machines, and that started the Industrial Revolution. Machines now produce most consumer goods, such as clothing, cars, furniture, computers, sports equipment, and televisions. Today, most Americans use some type of tool or machine in their work.

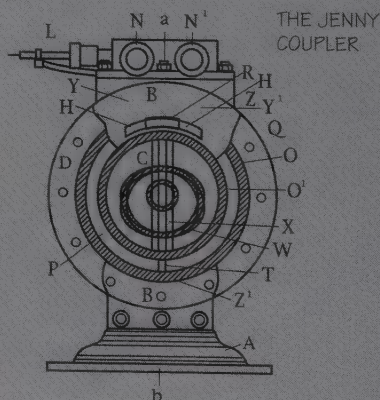
The benefits of using machines can easily be seen when comparing industrialized nations to less-developed countries, where most production relies on human labor. Less-developed countries have lower standards of living and fewer consumer goods than industrialized countries. With their earnings, people here can buy goods and services that they and their families want and need. Many people save part of their earnings for future purchases, emergencies, or investments.

## Andrew Beard

Though Andrew Beard was born a slave in Alabama in 1849, he became one of America's top inventors. His most important invention was the automatic railroad car coupler, or Jenny coupler, which made hooking railroad cars together much safer.

Beard was a farmer in Alabama in 1872 when his ideas about improving plows began paying off. In 1881, he patented a plow and later sold that patent for \$4,000—a princely sum in those days. In 1887, he sold rights to another plow he invented for \$5,200. With the money he had earned, he went into real estate and became even more successful.

The Jenny coupler came after he had been working on a rotary steam engine. Back then, cars were joined manually, which was extremely dangerous because a worker had to stand between two cars and drop a metal pin into place at the exact moment the cars came together. His coupler automatically locked when two cars bumped into each other, eliminating the need for someone to stand between the cars. His patent for the coupler was issued in 1897 and is similar to what is used today.





## Industrial Revolution

The Industrial Revolution basically refers to the adoption of machines to do work that previously had been done by hand because it increased productivity and efficiency. It is called a revolution because it marked the transformation from agricultural economies that relied on simple tools, to industrial economies that relied on complex machines. Industrialism swept through England in the 18th century, but did not occur in the United States until early in the 19th century. Before then, about four out of five Americans were farmers and lived in rural communities.

Industrial development encouraged people to move from rural areas to towns and cities. Large factories located there needed people to operate the machines making products that were once made by individuals or in small workshops. Because so many people moved to urban centers, what had been largely an agricultural economy changed into an industrial one.



During the 19th century, factory workers endured low-paying positions and harsh conditions. Eventually laws and labor unions improved conditions and wages.

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Besides changing the economy, the Industrial Revolution altered society in other ways. For example, women began to leave their homes to enter the workforce. The movement also led to superior military technology and helped the United States and European nations become the most powerful countries in the 19th and 20th centuries.

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The Industrial Revolution did not begin overnight. It occurred as a result of the knowledge and skills people had been learning for thousands of years. In about 1750, some important discoveries and inventions allowed people to do many things that had been impossible before. Three fields in which the greatest progress has been made include energy, materials, and mass production.



**In the 1800s, steam locomotives helped propel the Industrial Revolution at a rapid pace because it enabled people and goods to travel farther and faster.**

### **Energy**

The machines that were used before 1750 were mainly powered by humans, animals, water, or wind. In 1769, Scottish engineer and inventor James Watt patented a steam engine that improved on previous engines that had been used to pump water. Watt made a series of inventions that led to modern steam engines. At the beginning of the 19th century, non-condensing steam engines developed by British engineer and

inventor Richard Trevithick and American inventor Oliver Evans led to the development of engines used to power trains and ships.

The internal combustion engine introduced in the 1880s quickly led to the development of the automobile, which had been unfeasible when powered by larger steam engines. By using combustion engines powered by fossil fuels such as gasoline and oil, automobiles and trucks allowed people and products to travel farther and faster.

Similar engines were used in planes to make travel and the transport of products even more efficient, thus helping businesses expand to locations previously beyond their reach. When jet propulsion engines (which still use fossil fuels) were developed, travel and product transport became even faster. Later, solid fuels were developed to send powerful rockets to the moon and unmanned rockets to faraway planets.

Nuclear energy also has been harnessed to produce electricity and weapons of mass destruction. Nuclear power, which is energy released by the splitting or fusing of atomic nuclei, is being used to produce electricity in several countries. But deadly radiation is a by-product of producing this type of energy. The cost of building nuclear power plants and the dangers associated with them have slowed development of this energy source.

Better ways are being developed to harness solar energy to generate electricity. It is a clean "fuel" that does not release pollutants into the environment like fossil fuels do. The sun's energy also is a *renewable resource*—it will never run out or be depleted.

Batteries are another form of energy. Various types and sizes are used in everything from vehicles and watches to laptop computers and mobile phones. More discoveries and inventions in energy have led to products that people had previously been unable to envision. These new energy supplies have led to more and better production. Millions of people now own energy-powered devices, and much of the world is connected one way or another because of these inventions.

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Within the past 100 years, water and steam have been used to power turbines that generate electricity. Those energy sources had previously been studied and written about but never consistently harnessed. Today, turbine-powered generators produce most of the world's electricity.

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Rockets are used to place satellites into orbit around the Earth, and that has allowed the creation of businesses such as satellite television.



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In ancient times,  
royalty were  
known to have  
coveted iron more  
than gold.

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## Materials

Humankind has used tools for thousands of years. However, the types of items people could make and use in ancient times were limited by available materials. Most materials used were wood, stone, and fibers, such as those that could be acquired from animals (wool) and plants (cotton). These materials could be cut, carved, and woven by hand tools that often were made from stone, metal, or wood.

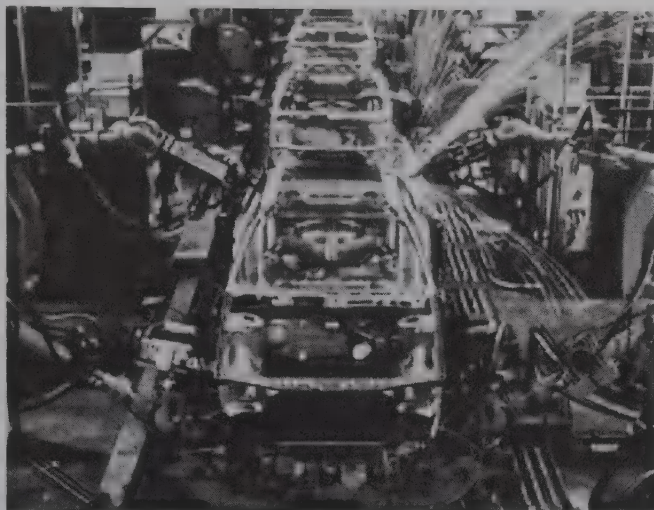
Iron became an important and valuable metal because it is tough and durable. However, because it is difficult to manufacture, iron was scarce and expensive. As metalworking technology improved, other materials, such as alloys (a mixture of two or more metals, or a metal mixed with a nonmetallic material) and carbon materials were developed and used in all kinds of products. Other metals humans use include silver, copper, aluminum, nickel, platinum, tungsten, uranium, and chromium. Titanium has become well-known for its strength and light weight. It is a popular material for sports items such as golf clubs and bicycles.

Plastics also have become an integral part of our lives. Plastics have been used for thousands of years, but it wasn't until the early 1900s that new forms were invented, suitable for all kinds of uses. Among the thousands of items made with plastics are cars, computers, recreational equipment, houses, clothing, furniture, carpets, and credit cards. Some names of plastics include polyurethane, polyester, acrylic, and nylon.

**Because it is a versatile and lightweight synthetic material, plastic can be made hard, flexible, elastic, large, small, thin, and thick.**

## Mass Production

Eli Whitney, inventor of the cotton gin, also got the idea in 1798 of using interchangeable parts in manufacturing. By using interchangeable, standard parts that had been manufactured beforehand, it was possible to produce goods quicker and cheaper than with custom-made parts.



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Before the mass production of cars, most Americans traveled by horses, wagons, or steam-powered trains and boats.

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This idea led to the use of an assembly line, which used conveyer belts to move a product along to different stations where people assembled individual parts until the product was completed. This system was first used in 1913 by American industrialist Henry Ford and his partners to produce flywheel magnetos, the ignition system used in one of the first automobiles produced, the Model T.

Over the years, production has become more proficient because of the use of robotic tools and computers. Robots, for example, can perform many specific tasks more efficiently than humans. Computers can be used for inventory-tracking systems that assemble and deliver items when they are needed.

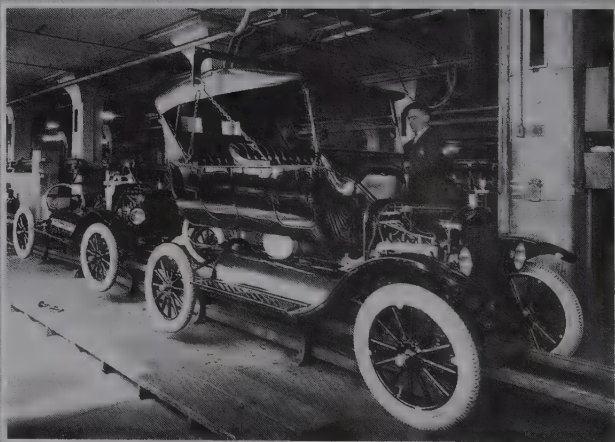
## Henry Ford

Henry Ford began using standardized interchangeable parts and assembly line techniques in 1913, 10 years after founding the Ford Motor Company. He helped popularize the technique and made assembly line work more appealing by offering higher wages. He did that to prevent workers from leaving because of the monotonous work associated with assembly lines. It gave him a stable workforce and helped double the company's profits in two years.



Henry Ford

In 1941, Ford's assembly line techniques won him government contracts to manufacture bomber parts needed for World War II. Eventually his company made entire planes. By the end of the war in 1945, Ford Motor Company had manufactured more than 8,000 planes.





## Starting in the United States

Because of the Industrial Revolution's success in Europe, in 1791, U.S. Secretary of the Treasury Alexander Hamilton called for the same type of revolution in the United States. He and many others wanted the United States, which had won its independence from Great Britain just a few years earlier, to become economically strong. They organized associations that promoted industrialization.

Although more than three quarters of the working population in the United States was involved in agriculture at the time, the Industrial Revolution spread quickly. Americans quickly adopted industrialization. A strong work ethic, the freedom of people and goods to move across state borders, and access to abundant natural resource reserves helped, and the United States continued to advance even faster than the Europeans. By the end of the century, the United States became the world leader in manufacturing and spurred what is known as the Second Industrial Revolution. The United States continues to be the world's largest producer of goods.

## Globalization

*Globalization* is a term used to describe an increase in international trade, global communications, foreign investments, and global companies. The result of globalization is a world economy in which the borders between countries have blurred. This new economy has allowed entrepreneurs (business owners and management) and corporations to raise money anywhere in the world and to produce and sell goods or services nearly anywhere. Technology, such as the Internet, has helped make global corporations and markets possible.

Globalization has grown rapidly since the 1970s, but it has been an economic trend since the end of World War II in 1945. At the end of the war, the United States established policies that encouraged trade and business ventures with other countries, except those with Communist governments, such as members of the Soviet Union (what we call Russia today).

In the 1980s, leaders of the Communist governments in China and the Soviet Union began to adopt some capitalistic features by opening their countries to foreign investment and trade. They realized that their governments would not survive if they did not participate in the global economy. For the Soviet Union, these efforts came too late. In 1991, the Soviet Union

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In 1851, America's rapid advancement was evident at the first world's fair in London. The work of the Americans attracted so much attention that the British sent a committee to the United States to study its manufacturing techniques and accomplishments.

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One goal of globalization is to help people everywhere raise their standards of living and to live more diversified lifestyles. This has happened to a certain extent, but some critics and experts fear that globalization may be causing more problems than it is solving.

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## North American Free Trade Agreement

The North American Free Trade Agreement—NAFTA—which became effective in 1994 in the United States, Mexico, and Canada, calls for the gradual removal of *tariffs*, or fees, and other trade barriers on most goods produced and sold in North America.

About 365 million consumers live in what is called the *free trade zone*. Supporters believe NAFTA will increase the standard of living for North Americans, but opponents say that the agreement will cost jobs in the United States for the same reasons that globalization does. NAFTA, too, continues to be a work in progress.

collapsed and states within it, such as Ukraine and Russia, became separate nations. Individually, these nations continue to adopt capitalistic behaviors and encourage growth through foreign investment and trade.

Corporations sometimes move production to poorer countries to take advantage of lenient labor laws and lower standards of living in an effort to reduce labor costs. As a result, workers in developed nations fear that they will lose their positions to lower-paid workers in foreign countries. For example, some of the products you use may have been manufactured in countries such as China or Vietnam. Fifty years ago, those same types of products probably were manufactured in the United States. When companies moved manufacturing plants to other countries, doing so kept the prices of those products low for Americans but left some Americans without work.

Furthermore, many world leaders are concerned that the culture in their countries may be endangered by the increased exposure to the Internet, satellite television, and other media. Yet, supporters say that consumers and capitalists are benefiting. Global trade has increased choice, spending, better living standards, and international travel. They say that globalization has led to greater understanding between cultures.

The evolving global economy no doubt presents challenges to economists, politicians, environmentalists, and human rights

groups. Many experts compare the global economy with the Industrial Revolution because of the way it is altering the world.

## Electronic Commerce

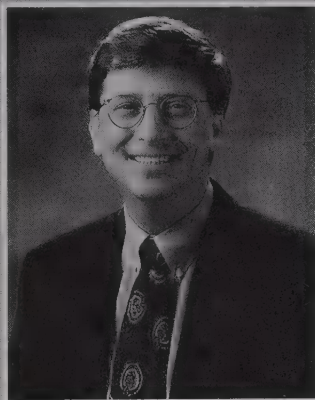
The World Wide Web, developed in 1990 as an information management tool, has radically changed global communication and the way business is conducted. It also has provided a new entertainment medium.

Entrepreneurs and companies have opened Web-based stores to sell, buy, and distribute products and services. This is called *e-commerce*, and it allows consumers to buy products from almost anywhere in the world. While some conduct business only over the Internet, many companies use Web sites to complement their retail outlets.

## Bill Gates

If you have a personal computer you probably own some Microsoft software and hardware, which shows how big a company Bill Gates has built. Microsoft's success has made Gates one of the most influential people in the computer industry—and, by most estimates, the richest person in the world. Gates cofounded Microsoft with high school friend Paul Allen in 1975. Together, they began learning about computers and programming languages in high school.

In 1973, Gates entered Harvard University. While there, he and Allen developed a version of the BASIC



Microsoft cofounder Bill Gates



The MITS Altair 8800

computer programming language for the Altair 8800, one of the first personal computers, and licensed the software to MITS. Then they formed Microsoft (then it was Micro-soft) to develop BASIC for other computer companies. By 1999, Microsoft dominated the personal computer business.

# The New York Times.

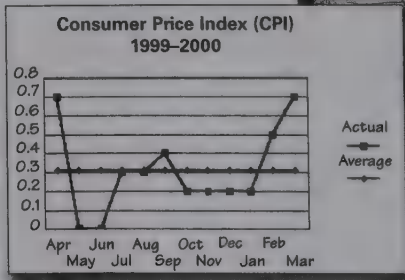
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**KERRY REJECTS POST IN SENATE CAMPAIGN, CALLS CHANCE UNWISSE**  
 Mr. Kerry, 42, said he was not interested in the Senate race, but he was interested in the White House.

**STOCKS COLLAPSE IN 16,410,030-SHARE DAY, BUT RALLY AT CLOSE CHEERS BROKERS; BANKERS OPTIMISTIC, TO CONTINUE AID**  
 Market fell, as did the Dow Jones Industrial Average, but the rally at the close was cheered by brokers and bankers, who were optimistic that the market would continue to rise.

**SENATE RALLY TURNS BATTLE**  
 The Senate race between Mr. Kerry and Mr. Clinton was a close one, but the rally at the close was cheered by brokers and bankers, who were optimistic that the market would continue to rise.

**MISSING AIRLINER**  
 The missing airliner was found in the Gulf of Mexico, and the search for it was successful.





# Business Cycles

Even though business in capitalist countries has thrived since the Industrial Revolution of the late 1800s, there have been many economic ups and downs. These fluctuations are called *business cycles*.

While the timing of business cycles usually is unpredictable, many economists believe in a theory developed by American economist Wesley Mitchell that divides cycles into four predictable phases: prosperity, liquidation, depression, and recovery.

During *prosperity*, production grows and employment, wages, and profits rise. However, as the growth continues, many effects can cause a recession or depression. For example, as production increases, so do production costs. Increased production also could cause a shortage of materials and result in lower production and higher prices.

A steady increase in prices is called *inflation*. To prevent inflation, governments often will raise interest rates, which causes businesses and consumers to borrow less money. As a result, both buy less. With a weaker demand for products, inventories begin to grow and prices drop as companies try to *liquidate* (turn property into money) by selling off inventories to pay debts. Companies begin to lay off workers and invest less. Some businesses are forced to close. When business activity slows drastically, the cycle is in a *depression*.

*Recovery* occurs when consumers start to buy and demand products again. The government may act by lowering interest rates and offering tax rebates to help rekindle the economy. Once the recovery gains momentum, a new prosperity phase begins.

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Some cycles last only a few years while more severe down cycles have lasted longer than eight years. The worst financial collapse happened in 1929, and the country was thrown into what is known as the Great Depression. That period lasted through the 1930s and spread worldwide. It was not until 1941 that full recovery was realized.

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# How Businesses Are Organized

Businesses are organized into sole proprietorships, partnerships, corporations, joint ventures, and syndicates. The most common form of business ownership is individual, or *sole proprietorship*. This is a business owned by one person, and in the early 2000s, there were more than 16 million individually owned businesses in the United States.

The advantages of individual ownership include a person's ability to have direct control over a business and to be the sole recipient of the profits. Also, there are fewer laws regulating individual businesses. Disadvantages include being responsible for all business debts and expenses and finding it difficult to expand if finances are limited. Individual businesses usually are small and either provide services or goods (retail).

A sole proprietorship might be you starting a lawn care service. You would use your money to buy a lawn mower, edger, hedge trimmers, and other supplies. Then you would open for business and seek out customers, possibly starting out in your neighborhood, and begin mowing lawns as soon as you have a *clientele*, or customers. You could start applying the income you made to pay for expenses, such as purchasing equipment. After paying for initial costs and the ongoing expense of replenishing supplies and maintaining your equipment, the money leftover would be your profit.

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Partnerships usually are larger businesses than sole proprietorships because the partners can pool financial resources and use their expertise to divide responsibilities.

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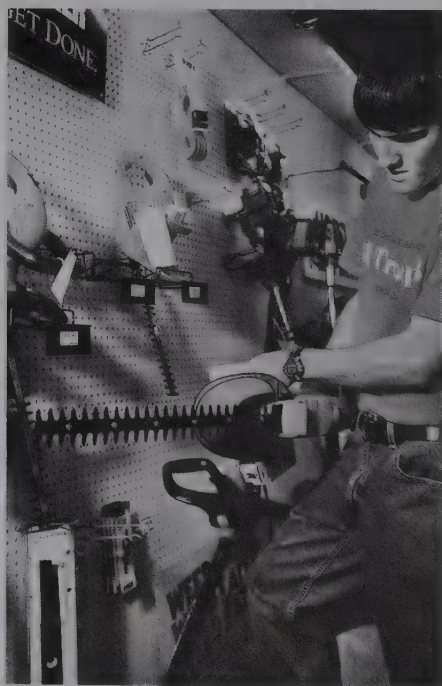
In *joint ventures*, individuals or businesses agree to create a single business project. For example, Acme A Inc. might join with Acme B Inc. to form a joint venture named Acme C Inc. to produce a particular product that neither Acme A nor Acme B produces.

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A *partnership* is an association formed by two or more people who operate a business as co-owners. Two common types of partnerships are "general" and "limited." A *general partner* is involved in the operation of a business and is responsible for its debts. A *limited partner* invests in a business, but isn't involved in its daily operation.

Take your lawn care service as an example: If you and a friend pooled your money to start the business and shared duties, expenses, and profits, then you would have a *general partnership*. If your friend is good at hedge trimming, he or she would be in charge of that particular service. You might be good at dealing with people, so you would build your customer base to increase income. The downside to partnerships is that if one partner makes mistakes or is irresponsible, it could damage the business and the partnership. For instance, if your friend is unreliable and doesn't show up when he is supposed to help mow a lawn, then all the work would fall

on you, and you would get behind in your service to customers. So, partnerships need to be formed carefully.





A *syndicate* is an association of individuals or corporations that forms to conduct a financial transaction, such as buying a business or, more often, a sports franchise. Members of syndicates usually are involved in the operation of other businesses, too.

You can use your lawn care service as an example of a *limited partnership*, too. If your parents helped by giving you some of the money to start, with expectations of being paid back and gaining a percentage of the profits, but without doing any actual work, you formed a version of a limited partnership with them.

A *corporation* is a legal entity recognized as a single body with its own powers and responsibilities that are separate from those of the individual members. As a result, a corporation is able to continue indefinitely even though ownership and employees might change. Corporations create shares of stock that are sold to the initial owners and investors. But corporations are not limited to large companies. Many small firms and even individuals, such as professional athletes and entertainers, are *incorporated*—that is, they have formed a corporation.

Investors can easily buy and sell stocks through stock exchanges, and when they buy, they own part of the corporation and become *stockholders*. However, they have limited *liability*, or responsibility—they cannot lose more than what they have already invested if the corporation goes out of business or is sued. In addition, they are paid *dividends*, or shares of the profit, if the corporation is successful and stock prices rise.

By offering stock, corporations are able to raise capital for business expansion. As long as people are willing to buy the stock, the corporation has more money available than a sole proprietorship or a partnership. Stockholders may vote for the corporation's managing body, called the board of directors, which then decides who will oversee the operation of the business.



# Important Factors of Business

There are several important factors for businesses to consider: customers, competition, profits, property, and contracts.

## Customers

There is an old expression in business that says the customer is always right. The idea is that if businesses are to succeed, they need to have customers to buy their goods or services. So, businesses try to keep customers happy in hopes of cultivating repeat business, because businesses need a continuing income from continuing sales. That makes customers the most important people to a company. If you opened a lawn care service, you would try your best to please your customers so that they would continue to use your services season after season.

Pay attention to how you and your family are treated when you go to a restaurant. If you like the service, chances are you will go back to that restaurant. However, if the waiter or waitress is rude, slow, or disinterested, you probably won't go back. Or, say you took your lawn mower to a shop for a midseason tune-up, but it wasn't ready as promised. You probably would use another company next time. While the people for whom you provide lawn care are your customers, you are a customer of the company that fixes and maintains lawn equipment.

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Without customers and income, the business cannot pay its bills, and it will fail.

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# Sylvia Woods

Sylvia Woods, who came from the cotton fields of South Carolina, began a restaurant that has become a soul food institution in New York City's Harlem. Sylvia's Restaurant was so famous that people began calling Woods the Queen of Soul Food.

Sylvia has always loved to cook. She used old family recipes to develop her homemade-style food that has brought her so much success.

However, it was the way she treated her

customers—with respect and concern—that kept customers coming back. She often sat down with them to visit, and greeted many by their first names.

She bought her restaurant in 1962 with money that her mother received for selling the family farm. It began as a small luncheonette with a seating capacity of 35, but has grown into a landmark where people from all walks of life—politicians, celebrities, and nearby residents—go for a taste of authentic Southern soul food.

Over the years, Sylvia's family has helped with the business, which has grown to a restaurant that occupies most of a city block and seats 450. Sylvia's has franchises in several airports. Sylvia Woods has shown what hard work, determination, and a family's love and respect can achieve.



**Sylvia Woods (standing) and her family made Sylvia's Restaurant in New York City the eating establishment for authentic Southern soul food such as smothered chicken and collard greens.**



## Competition

One of the driving forces of capitalism, as in sports, is *competition*, which means to do something with the goal of outperforming others. Competition exists in almost every aspect of business. In sports, those who outperform their competition win. In business, the one that outperforms others usually grows and succeeds. Competition is based on freedom of choice and begins when businesses offer products or services, and customers have the choice of buying or not buying. To attract customers, a business will try to offer the best product or service at the best price.

If customers don't buy, the business must improve the product or service, lower prices, or go out of business. If customers buy, the business profits and is able to continue. If the business enjoys great success, rivals probably will emerge because they believe they can capture some of the market. Rivals may offer similar products for better prices. So, the first business must continue to improve, be more efficient, and lower prices.

For example, if you mowed the average 1000-square-foot lawn for \$25, and attracted many customers, a neighbor might decide to start a lawn care service, too. For a lawn the same size, the neighbor—now your competitor—charges only \$20. You may have to lower your prices or offer more services for the \$25, or risk losing customers to your neighbor. Customers will look for the best value and service their money can buy.

But customers are difficult to predict because each likes different things. That's why they buy different cars of different colors, and different clothes, video games, etc. Some might buy the most inexpensive product even if the quality is not as good as a more expensive product. Others want the best product *and* better service, even if it costs more. Some like a particular brand name, but still might switch for a better bargain.

Businesses often use advertising to attract customers to their product or service. They try to portray their product or service as better, cheaper, newer, improved, safer, fancier, and so on. While this is one way to lure customers away from competition, the company must be careful not to exaggerate too much or it could turn customers off.

## The Profit Motive

When a business opens, its goal or motive is to earn a profit. A *motive* is a reason for doing something. For example, earning money to live a better life is a motive for people to work. Profit—the money left over after paying bills and wages—is an essential competitive feature of buying and selling in the economic system.

The opposite of profit is loss. *Loss* occurs when it costs more to produce products or a service than a company is able to make from sales. In free enterprise, the desire to make profits to benefit the company or for personal gain is called the profit motive.

The ability to earn profits sets the American business system apart from other government-controlled economic systems. In some of these societies, making profits might be considered wrong. But without a profit motive, businesses and individuals lose much of their incentive to invent and improve upon products and services, offer them at the best prices, and continue producing. Profits motivate people to improve their quality of life and buy products they need and want. So, when you read or hear that a company made a \$1 million profit, keep in mind that the profit benefits the people who work there, those who have invested in the company, and even customers who can feel confident buying from the company.

## Where Does Profit Come From?

Now that you know what profit is, let's learn more about where it comes from. Using a fictitious automaker called American Auto as an example, let's find out how to determine the cost of making 1,000 cars that were sold in the last year, and how much, if any, profit was earned. American Auto's accountant, a person who keeps track of a company's financial transactions, would do this by preparing a *profit-and-loss statement*. This statement would show total income from sales, total cost to produce the cars, and the difference of the two to determine either the profit or loss for the year.

So, let's take the role of the accountant. You determine that the 1,000 cars sold for \$15,000 each. Thus, the income from sales was \$15 million. Production costs include wages paid to employees who make the cars and manage the business, the materials used to make the cars, costs of supplies,

utilities, advertising, and taxes. Overhead costs include expenses not directly related to making the product, such as rent, insurance, telephone, taxes, heating and air conditioning, and so on.

Most of these costs are used up during production. Materials, supplies, and utilities must be bought and/or replenished as cars are built. Labor is a continuing cost because employees are paid salaries or hourly wages during production. In a way, even taxes are used up because that, too, must be paid at scheduled times.

There is another cost—*depreciation*—which is the cost of wear and tear on tools and machines, and the cost of repairing or replacing them as needed. Depreciation allows American Auto to spread the cost of the tools and machines over the years of their usefulness. For example, say the company knows that all its tools or machines will last exactly 10 years. After that, these items will need to be replaced. Each year, then, American Auto allocates (or sets aside) one tenth of the original cost of its tools as a cost of operating the company. This reduces the amount of profit that is subject to taxation, thus increasing the profit, which can be distributed as dividends to stockholders.

In an actual company, of course, each tool and machine would have a different lifespan. As the accountant, you would gather the figures and compile your profit-and-loss statement. A simplified version might look like the following:

<b>American Auto Company</b>	
<b>Profit-and-loss statement</b>	
Income From Sales	\$15,000,000
Minus Costs of Production	
Labor	\$6,000,000
Materials, Supplies, Utilities	\$5,000,000
Overhead	\$200,000
Taxes	\$1,000,000
Depreciation	\$300,000
Total cost of production	\$12,500,000
Profit	\$ 2,500,000

Income exceeded expenses, so the company earned a profit. But where does the profit go? A company's earnings belong to the stockholders of the company. That's because investors "loaned" the company money when they bought the company's stock. They bought the stock because they were confident the company would be successful and expected their loan to earn dividends. The company pays back investors by issuing what is called *dividends*, which are distributed from the profit.

Profits are distributed to investors in cash or reinvestment (to be discussed later). Stockholders receive shares of the profit because they took a risk when they invested. Competitive business can be risky because it is hard to predict whether customers will buy a company's product. Even long-established companies might not earn profits every year, so investment in new companies poses even bigger risks.

If American Auto were a new company, no one would know whether the public might like its cars. If the public does like them, the company will sell lots of cars and make a profit. If the public doesn't like them, fewer cars will be sold than the number needed to offset the production costs, and the company will post a loss. As long as the company earns a profit, it can pay its stockholders dividends. If there is a loss, stockholders might be paid only a small dividend, or none at all.

If a company can't cover its production costs, it will need to make cost-saving moves, such as selling off machinery, laying off workers, and delaying payments to suppliers. Continued losses could mean that the company will go out of business and the stockholders will lose their investments.

Why might investors want to risk investing in a company rather than putting the money in a savings account, where the money would earn interest and be safe? Because, after studying the company's profit-and-loss statements and its prospects for future growth, people believe the company will prosper. Investors expect a better return on their money than what they could expect to gain elsewhere. People's willingness to invest in companies can be seen as another tool to create jobs and savings for more investments, and to keep American business going and growing.



# Being Accountable to the Environment

Thriving business produces waste and uses resources. Whether it's an oil company processing finite reserves of oil, or a company that uses packaging, businesses have considerable impact on the environment.

The challenge is to reduce the impact on the environment while keeping costs low. Many businesses have resisted environmentally friendly practices because they believe it costs too much. But as Americans become more conscientious, many consumers expect



companies to improve upon their environmental record. For instance, product packaging produces waste. The challenge is to develop less wasteful, recyclable packaging that is attractive and also less costly.

Furthermore, businesses that

use or sell large amounts motor oil, cooking oil, tires, batteries, toner cartridges, and other products that contain hazardous materials must collect and properly dispose of these products. The time it takes to organize the disposal, the method used, and the materials needed to do it, are costs these businesses must factor into their budgets.

Other measures, such as reducing paper use and conserving electricity, save money. Any business should explore cost-saving, environmentally friendly measures when planning its budget.



**Ford Motor Company stock certificate**

## Where Does Profit Go?

When companies need more money to grow, they issue (release) *stock*, or shares of the company. Investors can buy the stock, making them among the company's owners. They will be issued stock certificates that specify the number of shares they own. Say, a company issues 100 shares of stock at \$10 a share. If 10 people buy 10 shares, each will have invested \$100 in the business and will be called a stockholder, or *shareholder*. A stockholder owns shares of the stock, which represent capital (money) in the company.

In most companies, several people are elected by the stockholders to be on the board of directors, which oversees the business. Because the directors are elected, they can be replaced if the stockholders don't like the way they are running the company. Stockholders owning more shares have more votes. For instance, if someone owned 20 shares of the company that issued 100 shares, that person would have twice as many votes as a shareholder who owned 10 shares.

One duty of the board of directors is to decide what happens to company profits. One option is to divide the profit among shareholders according to the number of shares each shareholder owns and then mail dividend checks to the shareholders. However, the board of directors must take into



**This stock certificate for Ford Motor Company was issued to Henry Ford II, the founder's grandson, who ran the company from 1917 to 1979.**

consideration the company's future. Part of that consideration is to make sure the company has savings to use when needed. If part of the company's profit can be saved, then everyone—stockholders and employees—will benefit.

First, a company needs more money to maintain its supply of tools, which wear out or break. A company will eventually have to replace the tools and, due to inflation, the replacements might cost more than the original tools. Basically, inflation causes prices to rise. A tool that originally cost \$5,000 might cost \$7,000 to replace. That means the company will need to make a larger investment just to stay where it is.

But a company wants to grow and improve its products or services, or else it might lose customers. Developing or improving products and services costs money because research and new tools are needed. A company could issue more stock to raise money, but present stockholders might want to supply the needed capital because they believe in the company's success. Stockholders supply the capital by reinvesting part of the company's profit—dividends—which allows the company to fund increased costs.

So, the directors might decide to distribute part of the company's profit in cash and reinvest the rest in the company.

This would increase the company's capital and each shareholder's investment. Stockholders would still get their share of the profit, but some of the profit would be in cash and the rest would be in added investment.

By giving the company access to more money to develop and produce better products, the stockholders have increased the likelihood for the company's future profitability. That would mean higher dividends and an increase in stockholder investments.

### **Profits Make Companies Grow**

The more profit a company can make, the more money its shareholders can reinvest. The more money that is reinvested increases the company's ability to produce better products or services, attract more customers, increase income from sales, create more positions, and make a larger profit for the next year.

By being profitable, more people might be willing to invest in the company, which gives the company even more capital and makes it easier to borrow money, if needed. All of these things—more reinvestment, more new investment, and more borrowing power—make it easier for the company to grow and succeed.

A profitable company helps other companies enjoy the same type of success. This happens because the profitable company is able to hire more people, buy more materials from other companies, and upgrade its equipment when necessary. Because it is buying from other companies, those companies grow also.

### **Private Property and Contracts**

Among the reasons so many people come to the United States from other countries are the freedoms enjoyed by Americans, which include the right to own property.

During most of history, personal property, such as horses, jewelry, and clothing, had been of minor importance in comparison to land ownership. There was little regulation over the



## Freedom vs. License

A U.S. citizen has the legal right to have, use, and dispose of assets (things of value, including property) in whatever legal way the person chooses. This is a basic *freedom*—along with freedom of religion, speech, and the press—granted by our Constitution. This makes our free enterprise system possible because each person is guaranteed the choice to spend, save, or invest his or her earnings.

However, the ability to exercise some aspects of freedom may require *license* to do so. For instance, you have the freedom to drive a car, but you need a license—permission—from your state to operate a motor vehicle. The “freedom” you want to exercise may require permission from your employer or religious organization, maybe even your school.

ownership, sale, transfer, and inheritance of personal property, although land ownership was greatly restricted by governments or ruling families. However, the Industrial Revolution changed this attitude. With the establishment of companies and revenue-producing stocks, personal property became important.

Until recently, and even today in some countries, the average person was limited by law or custom to the amounts and kinds of property he or she could own, buy, inherit, sell, or give away. In some countries, some people also were and are limited to the kinds of work he or she could perform. To escape these and other restrictions (such as religious persecution), millions of people have come to the United States. Early immigrants cleared land for farming, started businesses, and began enjoying freedoms and luxuries they had not been able to enjoy before.

The right to private property let loose a great productive power in the United States. Workers are not restricted to low positions, but can advance in their careers and economic positions. Workers are respected, and they are encouraged to invest their savings and to become more involved in choosing government officials.

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The more success companies have, the more they benefit their communities because they are able to create more positions, pay better wages, and produce more products for people to buy and use. All these things create a higher standard of living.

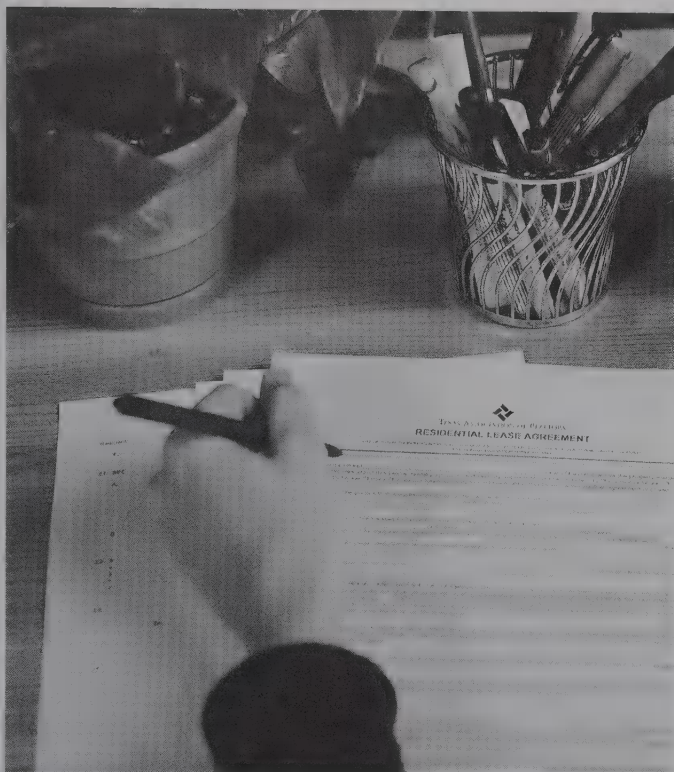
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Countries that practice different political philosophies than what is practiced in the United States have different views regarding personal property. For instance, the Communist doctrine calls for public ownership of property and for the state (the government) to own the means of industrial production, which includes wealth-generating personal property. But most Communist societies have some private property just as some capitalist governments own property publicly.

These opportunities allow most Americans to enjoy a higher standard of living than people in many other countries can. Americans enjoy modern homes, cars, utilities, good food, safe environments in the workplace, clean water, a good highway system, and public transportation. Many have savings accounts, investments, and health and life insurance benefits.

A person who has the right to own private property also has the right to enter into contracts. A *contract* is a formal or legally binding agreement or promise to do, or not do, something in return for another person's doing, or not doing, something. For example, a contract can be signed for the sale of something. One person agrees with a second person to pay a certain amount for a product the second person has. The second person agrees to relinquish ownership and deliver the product upon payment.

Another type of contract is a lease or rental agreement. A renter, or tenant, signs a contract to agree to pay a certain amount of money each month in return for being allowed to use property owned by someone else (a landlord). If the tenant doesn't pay, or if the landlord prevents the use of the property, the injured party can go to court and force the other to live up to the terms of the contract.

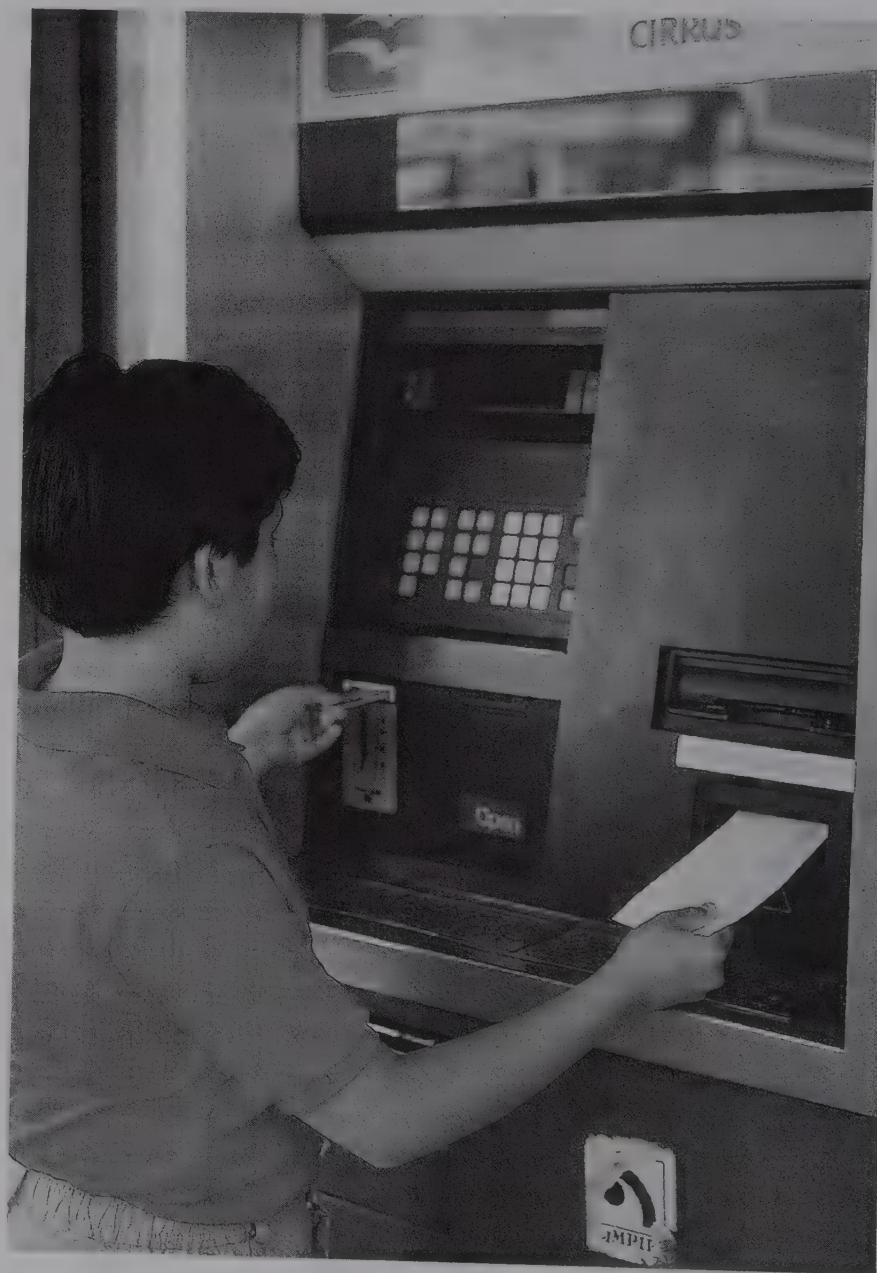


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The first point of the Scout Law is "A Scout is trustworthy." The Scout Law, as everything else in Scouting, helps you to become a responsible person. Every businessperson should be trustworthy, thrifty, friendly, and courteous.

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Many business contracts are formal and complicated. Other contracts are informal and hardly noticeable. For example, if you received merchandise from a store and fail to pay, the merchant can force you to either pay or return the merchandise in good condition. Every business transaction, from one as simple as buying a newspaper to one as complex as a company issuing stock, is a contract of some type. Contracts are based on trust. Each party trusts the other to do what he or she has promised.





# Credit and Banking

Nowadays, Americans are doing more business with credit and debit cards and using less cash.

Using credit to make purchases and making prompt payments is an excellent way to establish a good credit rating. Having a good credit rating is important because it shows that people can trust you in financial matters. Checks, credit cards, debit cards, loans, and mortgages are the most common forms of credit.

When you open a checking account at a bank and deposit money in it, you receive a book of checks. When you pay for something by check, you sign the check and include the proper dollar amount along with the name of the person or business you are paying. When that person or business deposits the check at a bank, that bank is allowed to transfer the amount of money that is written on the check from your bank account to the person's or business's account.

A check is a form of cash because it represents an amount of money you actually possess. But it is safer than cash because only the person or business to whom you write the check can cash it and collect the money. When you write a check, most businesses will want to see some identification to make sure the check belongs to you. Also, you must have enough money in your bank account to cover the amount written on the check. If not, the bank will charge you a fee (called an overdraft charge), and will return the check to the person or business, who might charge you a returned-check fee.

If you don't have enough money in your account to cover the amount of the check, you have written a "hot" check, also called a bad check. Some checking accounts offer overdraft protection, so that if you don't have the money to cover the check, the bank automatically loans you the amount needed to pay the person or business. Banks charge interest for that

service, but if the loan is paid back in a timely manner, it won't cost as much as the fee for writing a hot check.

**Intentionally writing a hot check and failing to make good on it is considered theft. If the person or business that received the hot check files charges, you will have to pay the amount of the check plus additional fees. Failure to pay can result in arrest.**

A charge account with a store or other business lets you pay at a later date for merchandise or services purchased now. Using a credit card from a store or business shows that you have a charge account there. Other credit cards issued by banks and credit card companies can be used in any store that accepts them. Often, they are accepted worldwide.



Sellers swipe the credit card through a machine, which notifies the bank or credit card company of your purchases. Normally, you have a credit line, which means you are allowed to charge up to a certain amount. If you go over that limit, your purchases might be denied by the store or the bank or credit card company. At the end of the month, you will receive a bill for the total amount of charges you made.

Debit cards are a cross between checks and credit cards. Like checks, debit cards draw on money you actually have in your bank account. As such, you have to keep good records on your spending. However, as cards, they can be used almost anywhere that accepts credit cards, including foreign countries, and they are convenient for use at ATMs and for making mail-order or online purchases.

**If you pay off only part of your credit card balance, you will be charged interest on the part you didn't pay, and it will be added to your next monthly payment.**

An installment purchase is a type of credit used usually when buying an expensive item such as a car, washer and dryer, or television. You sign an installment purchase agreement with the business, promising to pay a certain amount of money each month or week until the bill is paid in full.

The seller adds a service or interest charge to the price of the item to allow for this extended payment privilege. Sometimes it is cheaper to get a loan through a bank that charges a lower interest rate; you can pay off the seller all at once and make your monthly payments to the bank.

On some large purchases, you might have to offer collateral to the seller. This means that, to complete the deal, you sign over to the seller or lender the ownership of property or goods that you own. This protects the seller or lender in case you fail to repay the loan. If you don't repay, the collateral is forfeited to the lender. If you do repay the loan, you retain ownership of your collateral.

A mortgage is a type of collateral loan. If you are unable to pay the full price for a house, a bank or mortgage company might lend you all or part of the money in return for your signing a mortgage contract. This contract gives the bank or mortgage company ownership of the house until you have repaid the loan according to the terms of the contract. The bank or mortgage company will charge you interest on the amount of the loan during the life of the contract.

The federal government also makes available loans to students for school and to individuals buying homes. The government has strict laws about who can offer loans and the terms under which they can lend. These laws protect both the lenders and borrowers.

Banks rely on lending, or offering credit, to earn profits. Banks provide checking and savings accounts and, besides loaning money to individuals, loan money to businesses to pay for large purchases. Lending money to businesses helps them grow and benefits the entire community.

The money that banks lend is the money being held for their depositors. When you deposit money in a checking or savings account, the bank guarantees that you can have it back when you want it. But while it is at the bank, the bank will lend the money to other people or businesses and collect interest from them. This interest is one way the bank produces income so that it can pay its expenses and pay you interest on your savings account. The bank's profits will go to its shareholders.



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Money deposited in national banks is insured by the Federal Deposit Insurance Corporation (FDIC), a government agency created under the Banking Act of 1933 to insure deposits in case a bank fails. Deposits are insured up to \$100,000 for each depositor.

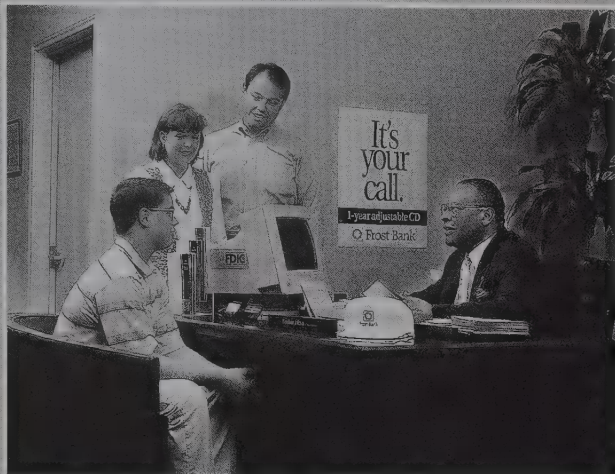
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The United States has a central bank called the Federal Reserve System. Established by the Federal Reserve Act of 1913, the Federal Reserve helps keep the country's financial system stable. Without regulation, our economy would grow unevenly and experience wide and frequent swings between economic depression and prosperity.

The Federal Reserve Board is best known for its influence on interest rates. It can loosen money supplies by lowering interest rates, thus making loans more appealing, or it can tighten the money supply by raising interest rates. Thus, it manages the amount of money available at any one time in the United States financial system. The Federal Reserve can influence money supplies in other ways, too, such as buying U.S. government securities (stock) or changing the percentage of deposits that must be maintained on reserve at the Federal Reserve banks.

You can see that the government can play a big role in how a bank might conduct business and how much it might charge for loans. While banks have long offered other services, such as safe deposit vaults where valuables, such as documents and jewels, can be stored safely and privately, they also have expanded services in the past few years to include individual retirement accounts and stock investments.

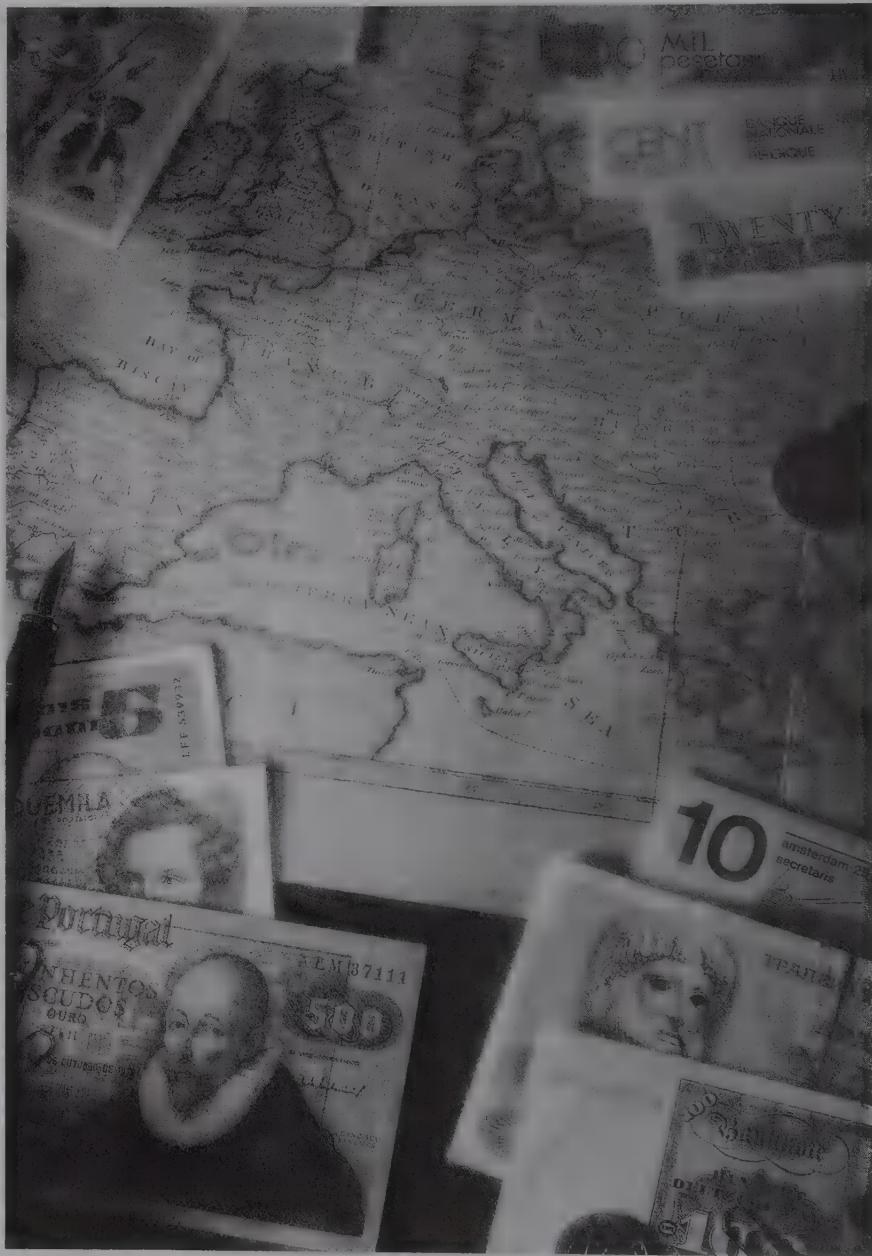




When you visit a bank, ask to speak to one of the officers. (You may need to schedule an appointment in advance, so call first.) Tell the person you are working on the American Business merit badge for the Boy Scouts of America. Show the person requirement 2 and discuss it with the officer. The officer might draw the bank's organization chart (the structure of the company) and explain what each officer does. Here are a few questions you might ask:

- How are interest rates set?
- How do changes in interest rates affect the flow of money?
- Who handles business loans?
- Who handles personal loans?
- Does the bank ever borrow from Federal Reserve banks?
- Does your bank have an annual report? May I have a copy?

After your visit, draw the bank's organization chart and show it to your counselor. Be prepared to answer questions about what you learned.



# Money and Inflation

Before money became the medium of exchange, people exchanged goods and services for other goods and services. This type of transaction is called the *barter system*. Although this system is still used in some countries and in some instances in the United States, most people receive money for the goods and services they provide. Goods and services are priced according to the standard of value that money represents, such as the dollar in the United States.

When prices continually increase for various reasons, the value, or purchasing power, of money is reduced. This is called *inflation*. For example, in the 1970s, a new car might have sold for \$5,000. Today, a new car might sell for \$15,000 or much more. That means the dollar is not worth as much as it was in 1970. For example, if a product doubles in price, then the value of the dollar has been reduced in half.






Several reasons cause inflation. One is called *demand-pull*. That's when total demand exceeds existing supplies, and people are willing to pay more for the limited amount of goods. That's why a popular electronic game system cost more when first introduced to the public, and the price drops after a while. Forcing price increases also causes increases in operating and financing costs and the cost of materials. Demand-pull inflation increases wages, too, because workers want to maintain their buying power.

Another explanation is called *cost-push*, when businesses raise prices to cover total expenses and to preserve profit margins. Again workers will want more money to help maintain

their purchasing power. If these factors continue, the wage-price spiral continues. *Deflation* occurs when these spiral effects are reversed. Another type of cost-push inflation occurs when a single business or a few businesses control a particular product or industry. Prices can increase as a result of the policies and decisions of these groups. When a single business controls a product or industry, it is called a *monopoly*. U.S. antitrust laws help prevent monopolies from forming.

### Comparison Shopping in 1980 and Today

This chart shows what some common items and necessities cost in 1980 and their cost in 2002.

	Item	Cost in 1980	Cost in 2002
	Bacon, 1 lb.	\$1.45	\$3.30
	Gasoline, 1 gallon regular unleaded	\$1.13	\$1.40
	White bread, 1 lb. loaf	50 cents	\$1.01
	Ground chuck, 1 lb.	\$1.82	\$2.10
	Iceberg lettuce, 1 head	35 cents	67 cents



Another theory says that inflation occurs because consumers expect prices to increase. As a result, a high demand for goods and services will continue because people believe their purchasing power is better in the present than it will be in the future. And workers will demand higher wages so they can meet the expected increase in prices. When the rate of inflation increases each year by 10 percent or more, it can damage a country's economy. Prices rise faster than wages, the standard of living might drop, people might quit buying as much, and a recession or depression might occur.

The inflation rate is measured by a device called an *index*, which compares present prices against past prices. Two well-known ones are the Consumer Price Index, which measures monthly changes in the prices of commonly used goods and services, and the Standard and Poor's 500 Index®, which keeps tabs on top U.S. corporations.

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A *cartel* is a type of monopoly organized by groups that sell the same type of product.

The goal is to dominate the market for that product by fixing prices and limiting competition by smaller firms.

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# Labor Unions

A trade union is an association of workers that bargains with employers to improve wages, hours, and workplace conditions. This process is called *collective bargaining*. The goal is to make a contract—a *collective-bargaining agreement*—that meets the needs of both the union and the employer. If they can't reach an agreement, the union might conduct a strike against the employer to try and gain its demands.

A union also is involved in other areas. In the United States, some unions form central labor councils. These are associations that engage in political activities, and education and other social interests that concern the communities in which they live and work. You can find out about central labor councils in your area by calling one of the unions listed in the Yellow Pages under "Labor Organizations." Many unions also provide their members with employment services, insurance, and other benefits.

Unions began with the changes brought by the Industrial Revolution in the late 1800s and early 1900s. An increase in the number of people moving to cities from rural areas to find positions in factories created a labor surplus and made employees more dependent on their employers. Further, the shift to *automation*—the use of complex machinery in production—meant fewer workers were needed and led to lower wages, unsafe working conditions, fewer benefits, and other abuses. To help offset dependency and to provide employees with more rights, better wages, and better working conditions, unions began to form. Much opposition and many legal barriers made forming unions a rugged, and sometimes violent, struggle.

Local labor unions usually include people who are employed in the same factory, store, or office. Or, the employees of a number of similar smaller companies might form a single local union. People working for a large company often are organized into one industrial unit. In some instances, a single large company might be organized in multiple units. That means workers doing different kinds of work, such as electricians, carpenters, truck drivers, and assembly-line operators, are members of separate local unions, with each union having its own officers.

Any union member who has a dispute over pay, working conditions, or another item covered by the contract, may talk to the *shop steward*, a union member who helps employees when they have complaints against the company. If a union member has personal or family problems, a *union counselor* can help. Unions also employ *business agents* to manage union operations.

Unions are of two principal types: craft and industrial. *Craft unions* include workers who perform a specific kind of work, such as electricians and carpenters. *Industrial unions* include workers in a certain industry, such as autoworkers and steelworkers. There also are unions that include government workers, teachers, nurses, pilots, flight attendants, journalists, and professional athletes.

Before the contract expires, the union and company representatives meet to bargain on a new contract. If an agreement can't be reached, a mediator may be called upon to help settle the dispute. If a new contract is not signed before the old one expires, union members might vote to strike—refuse to work—until a new contract is signed. This gives unions a lot of power. However, employers sometimes call for a lockout, which means union members aren't allowed to work because they won't meet the company's demands. In government positions, or those positions that affect public interest, the government might

Not all union contracts with employers are the same. The contract that covers steelworkers, for example, would be different from the one that covers teachers because each profession has different needs. Contracts between the union and employers usually include the following:

- The types of employees covered by the contract (some companies have employees who belong to unions and others who do not), and the kinds of work they do
- Pay rates for each position and experience level
- The number of hours in a work day or week, over-time pay, holidays, vacations, sick leave, military duty leave, and other workday concerns
- Procedures for settling disagreements
- Workplace safety and health conditions
- Health insurance, and other benefits such as retirement and profit sharing
- The ending date of the contract between the employer and union

order workers to return to work for a limited time while contract talks resume. This government action protects the public from the interruption of necessary services or supplies.

Unions also try to bargain for *closed shops*, or *union shops*, which means that an employee must belong to a union to work at that particular company. *Open shops* mean that a worker can belong or not belong to a union and still work there. Unions believe open shops weaken their position; that's why they try to bargain for closed shops.





# Labor and Government

The government's relations with labor, business, and industry are important to our economy because a strike in a major industry can affect the whole country, not just the industry and its employees.

One example of our government's involvement with business happened in 1980 when air traffic controllers went on strike. The Professional Air Traffic Controllers Organization rejected a settlement made with the Federal Aviation Administration, resulting in approximately 12,000 of the nation's 16,000 controllers going on strike. A strike would have affected the entire country because it would have interrupted air travel. President Ronald Reagan, citing a federal law that makes strikes by government employees illegal, warned the controllers to return to work or they would be dismissed. He ended up dismissing about 11,500 controllers who did not return to work.

Naturally, this at first caused a disruption of airline operations. But within a month, enough replacements had been hired to perform 75 percent of the prestrike service.

In a free-market economy, the government plays a limited role in economic decision-making. However, because the United States does not have a pure free-market economy, the government plays an important role. It provides services and goods not provided effectively by the market, such as national defense and welfare assistance programs. It also provides incentives to produce and consume certain types of products. The government may sometimes discourage the production of other types of products, such as certain kinds of crops. The government sets general guidelines for doing business and makes policy decisions that affect the economy. That is one reason why voters try to elect representatives they believe will act in their best interests.

In some countries, the government has strict control over businesses. The people in some of these countries have fewer freedoms and opportunities. Total power is held by the government and one person or a small group of people dictate what everyone must do. Most businesses are set up by the government, and the government dictates what products will be made, what the prices will be, and what the workers will be paid. People are sometimes told where to work.

Our form of government is a republic, which means that the people elect other people to represent them in the government. These elected people, who are responsible to the people who voted for them, try to enact laws that might benefit those voters. They can be re-elected or replaced in the next election.

The rights that belong to the people in this country include freedom of speech, freedom to own and use private property, the right to assembly, and the right to vote. These rights make the free enterprise system possible. This means that people—not the government—decide where they will work and what products will be made.

Even in a free country, though, the people empower the government to help protect their rights and provide an orderly way of life. Our federal, state, and local governments enact and enforce laws, and administer justice through a court system. The federal government makes and issues money, and provides a military to defend our country. Governments also can levy and collect taxes to pay for services they provide.

Because our government was formed to benefit the people, it provides schools and roads for everyone to use, and services for those who can't work or care for themselves. The money collected through taxes helps provide these services.

Because the U.S. government has grown along with the country, agencies and bureaus have been created to regulate certain business matters, things people do, and services people can buy or use. Other government agencies regulate most methods of transportation, including passenger and freight, and license people to own and drive cars, operate radio or TV stations, and practice professions or sell services.

There are debates about whether our government should do all the things it does. Some critics say that government bureaus and agencies do not always act wisely or in the public's best interests. Others say the government has too many rules and regulations (bureaucracy or red tape) and wastes too much money. Yet, it is important to remember that business and government cannot exist without each other. Business needs government to provide an orderly way of life. Government needs business to provide the products that keep our country strong and our way of life prosperous.

The following are a few government agencies that play a role in labor relations:

**Bureau of Labor Statistics.** This bureau of the U.S. Department of Labor compiles statistics on employment that can be useful to industry, labor, and government.

**Federal Mediation and Conciliation Service.** This federal agency helps prevent or minimize interruptions in the free flow of commerce that might result from labor disputes. It might also help resolve labor disputes between employers and employees.

**National Labor Relations Board.** This agency will conduct an election among company workers to determine whether the employees want a union to represent them. It also hears cases when a company or union charges unfair practices by the other.

**Occupational Safety and Health Administration.** This agency's main responsibility is to ensure safe working conditions by enforcing mandatory job safety standards. It also implements and improves health programs for workers. OSHA regulations and standards apply to most private businesses in the United States.

**State Agencies.** These agencies vary by state. Most states have employment and unemployment services, and a workers' compensation office. These might be included in a state department of labor.

## Jack Kilby

Probably one of the most significant inventions of modern time occurred in 1958 when electrical engineer Jack Kilby coinvented the first integrated circuit, or chip, for computers. This invention has changed the way we live in much the same way the Industrial Revolution changed the way people lived a century ago. Without these chips, which have become smaller and more complex over the years, we wouldn't be using most of the tools we use today.

These chips also are used in digital watches, mobile phones, medical equipment, navigational systems, video recorders, digital cameras, appliances, calculators, and numerous other devices.

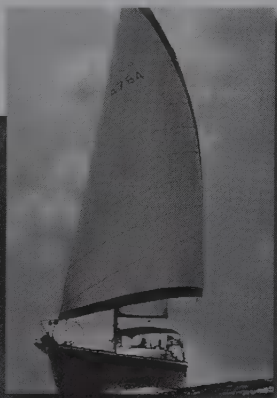
Kilby worked with the Office of Strategic Services during World War II. After the war, he attended college and received a master's degree in electrical engineering from the University of Wisconsin. One of his first jobs was at Centralab, a division of the Globe Union Corporation. This corporation produced transistors, a major invention in 1948. The invention eventually led to smaller and more compact electronic devices.

Kilby began work for Texas Instruments in 1958 and researched the miniaturization of electrical circuits. His breakthrough came that year when he designed the integrated circuit. He is considered the coinventor because, at about the same time, Robert Noyce and his colleagues at the Fairchild Corporation developed a similar design. In the '60s, Kilby also developed the integrated circuits used in intercontinental ballistic missiles.









# Insurance

Throughout history, people have tried to protect themselves against trouble, famine, and disease by offering gifts to gods and other spirits. In modern times, there are more proven ways to avoid trouble. People can now buy insurance to help reduce financial losses from fire, theft, injury, some of the risks faced in everyday life, and death.

People buy insurance contracts—*policies*—from a variety of sources. In industrialized countries, most everyone has some type of insurance. Some laws require car owners to buy insurance before driving on public roads. Lenders, such as banks, require anyone seeking a loan to purchase a car or home to also purchase insurance for the property.

**Business partners often take out life insurance on each other to make sure their business will succeed if one partner should die.**

Although insurance cannot prevent accidents and calamities from happening, it can help reduce each person's risk of financial loss. It does this by applying the law of probability—a mathematical certainty that a definite number of people will suffer a certain kind of loss within a given time frame.

For example, say there are 1,000 homes in a neighborhood, each worth \$120,000. History might show that an average of one house per 1,000 has been destroyed by fire each year, making it probable that one house will again burn each year in the future. No one knows which house, and none of the homeowners can afford to keep \$120,000 on hand just in case it might be needed to rebuild the house. Instead, each of the

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Insurance has become one of the largest businesses in the United States, with more than 5,500 companies in operation in the late 1990s.

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Many companies will buy insurance on the lives of important employees. They do this because the unexpected death of a company officer could force the company to change important plans for its future.

1,000 homeowners puts a certain amount of money into a fire insurance fund. If one house burns, that fund is used to help rebuild the house. That way, everyone is protected from a financial loss due to fire, with the cost to each homeowner being relatively small.

Insurance companies function in much the same way. They collect fees, or *premiums*, from people who might share the same type of risk, and then they pay out agreed-upon amounts to those who suffer that kind of loss. Premiums are determined with the help of experts called *actuaries*. Actuaries apply theories of probability and assemble statistics about past losses to calculate what future losses might be. On the basis of these statistics, rates for various types of insurance are determined along with the amount of money the insurance company needs to have in reserve to settle expected claims.

Fire insurance actuaries are calculated on factors such as the number of recent fires in a community; the dollar loss

from each fire; the age of the insured building; the building's material, such as wood or brick; its location, and how close a fire station is.





The cost of premiums for insurance against theft are based on the value of the insured article or articles, its attractiveness to thieves, and whether something is kept in a bank vault or at home. Most individuals and businesses carry insurance against the risk of financial losses from fire and theft.

Life insurance pays a sum of money to a person's *beneficiary* or *beneficiaries* (those who have been named to receive payment) after the person dies. Beneficiaries usually are members of the insured person's family. The premiums for life insurance again are determined by probability. Actuaries determine the life expectancy of a person. Because a younger person is expected to live longer than an older one and will be able to pay more premiums, the premiums for a younger person will be cheaper.

Liability insurance protects a person or company against claims by someone who is injured on the person's or company's property, or injured as a result of malpractice. Doctors, psychologists, and other health professionals purchase liability insurance.

Automobile insurance can cover many risks, such as damage from collision, fire, and theft, and accident liability. Most auto policies include *deductibles*. For example, if a policy has a \$200 deductible, the car owner would pay the first \$200 to have anything repaired from an accident, theft, or fire. The insurance company would pay the rest of the expense. Having a deductible will lower the premium. The higher the deductible, the lower the premium will be, but the more the person will pay in times of loss.

Premiums for medical and hospital expenses are determined by the cost of the care that the policyholder and his or her family members—*dependents*—are likely to need. Most policies cover only certain medical and hospital expenses and limit the length of time during which such charges will be paid. A big change in the health-care industry began in the 1980s, when many people switched from fee-for-service plans to *managed care services*, called *HMOs*. Managed care plans cover more health care services than the fee-for-service plans. Many employers began offering their employees HMO plans because the plans emphasized preventive care and generally were less expensive.



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Many employers pay all or most of the insurance premium for their employees. This is considered an employee *benefit*.

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Most employers also are required by law to carry insurance to protect their employees against certain losses from on-the-job accidents, illness, or unemployment. This accident and health insurance is called workers' compensation and often is handled by the state government rather than an insurance company. Injured workers are entitled to receive benefits until they recover. If they suffer permanent disability and are unable to work, or are killed while working, they or their dependents receive lifelong benefits.

Unemployment insurance pays a fixed amount of money each week for a limited time to people who were dismissed through no fault of their own. People receiving such benefits are required to seek other employment while drawing payments.

Many insurance companies sell several types of *annuities*, which are like savings accounts. The insured person pays premiums or provides a lump sum to an annuity. In return, the insurance company pays the person a fixed annuity (income) for a certain number of years, depending on the type of annuity the person has. Many people purchase annuities as a way to save for retirement. Businesses also purchase annuities to pay pensions to retired employees.

Social Security is a type of annuity program administered by the federal government. Employees and employers pay equal contributions to the government, based on an employee's rate of pay. The government issues a Social Security number to each person to track earnings and tax payments. Upon retirement, usually around age 65, the person can begin collecting monthly payments for life from Social Security. The amount is based on the person's rate of pay and how long the person worked. A person also can collect benefits before turning 65 if the person becomes disabled and can no longer work. Social Security covers most workers in the United States, as well as their spouses, widows or widowers, and dependent children.

In more recent times, government-provided medical insurance—*Medicare* for the elderly and *Medicaid* for the needy—has been added and is under the direction of the U.S. Department of Health and Human Services.

Insurance is a critical element of American business. Besides calculating probable losses, collecting premiums, and handling claims, insurance companies invest to earn dividends and interest, which helps lower premium rates. They also help pay for new housing, and educational and environmental projects.

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Insurance  
companies  
lead campaigns  
to reduce or  
eliminate  
accidents on the  
highway, in  
homes, and at  
work. Fewer  
accidents helps  
them keep  
premiums low.

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# Investing In Stocks

According to one survey, almost 80 million people in the United States owned stock in publicly held corporations in the late 1990s and early 2000s. Many more Americans indirectly own stocks because their savings accounts, pension funds, and insurance companies often invest in stocks.

Stockholders can buy and sell any publicly held stocks, and many people often change the stocks they own based on the way companies perform. Such buying and selling, called *trading*, is done in stock markets, or the stock exchanges, such as the New York Stock Exchange, the American Stock Exchange, over-the-counter markets, and regional exchanges. Many other countries have their own stock exchanges.

A stock exchange is an organized market where brokers conduct buying and selling for stockholders. For example, if you have \$5,000 and want to buy shares of a company listed on the New York Stock Exchange, you would contact a local stock brokerage firm, or join an Internet brokerage company that is a member of the exchange. You can find out from the broker the current price of the company's stock. You might open an account with the broker and tell the broker to buy 200 shares of the company's stock at market price, which you figure would be about \$5,000, or \$25 a share. The broker tells a partner at the exchange to buy the stock "at market," which means at the lowest possible price as soon as possible. Meanwhile, another broker might have an order from a customer to sell 200 shares of the same company at market.

Each broker will go to the trading post in the exchange where the company's stock is traded and check the "quotes." Your broker sees that someone already has bid \$24.75, but no one will sell at that price. So, your broker bids \$25. The other broker knows he or she can't sell for a higher price, so the broker shouts, "Sold!" Each broker reports the sale to his or

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Shares of the country's largest corporations are listed for trading on the New York Stock Exchange. To have its stock listed, a company must meet the NYSE's high standards and the rules of the governing agency, the Securities and Exchange Commission.

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You must  
remember that  
no matter what  
kind of company  
you invest in,  
there is a chance  
you can lose  
some or all of  
your investment  
if the company  
performs poorly.

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her office so you and the other customer can be notified. The seller surrenders the stock certificate for the 200 shares sold, and you get a certificate that shows you now have 200 shares of the company's stock. You also will have to pay a fee to the brokerage firm for conducting the business.

If your goal is to receive an income from the stock you bought, you will want to invest in a company that pays good, regular dividends. If you are looking for a growth stock, invest in companies that reinvest profits in research, new product development, and better tools. Investments in growth companies can be more risky, but the return on your investment is usually higher if the company performs well.

As a prospective investor, you should research a company as much as you can before buying a company's stock. Look at its profit-and-loss statements from the past several years. These should be included in the company's annual reports and prospectus. Also make sure to assess the company's future outlook. But even after thorough research, there is still risk of losing your investment. As was mentioned earlier, customer choices are difficult to predict and a company's future is always uncertain.



## Keeping Tabs on Your Stock

Requirement 3 asks you to "purchase" stocks and follow your investment for three months in the financial pages of a newspaper. During that period of time, you will find that the prices of your stocks probably will fluctuate—go up and/or down.

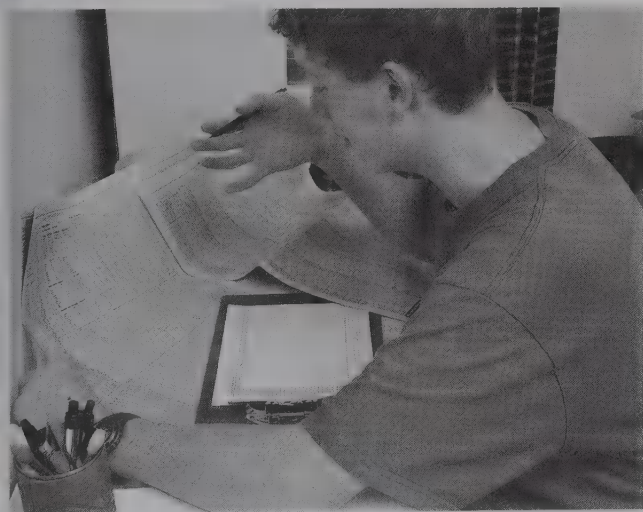
Before investing, you will need to find out more about the two companies you chose by writing and asking for a copy of their annual report or prospectus. You will learn a lot about the companies—their management, operation, and financial picture. To find out where to write, ask your local



Stock price fluctuations occur for several reasons. A stock's price in the market often depends on the company's earnings, its future prospects, and general business conditions. If investors know that a company has strong management, a lot of capital, and pays good dividends over a number of years, they will want to own a part of the company. When more people buy the stock, its prices rise. But if a company is struggling and proves to be unprofitable, and its future looks dim, investors in the company will want to sell the stock. As more investors sell, the stock's price lowers.

librarian for a reference book listing contact information for major corporations, including addresses. Or, look on the Internet (with your parent's permission). Most large corporations have a Web site and you will be able to view their annual report online.

For requirement 3b, you will need to choose one of the companies you picked in requirement 3a, and pretend you have bought \$1,000 worth of stocks from that company. You will need to keep a weekly record for three months of the market value of your stocks, and then show any dividends declared, if any.



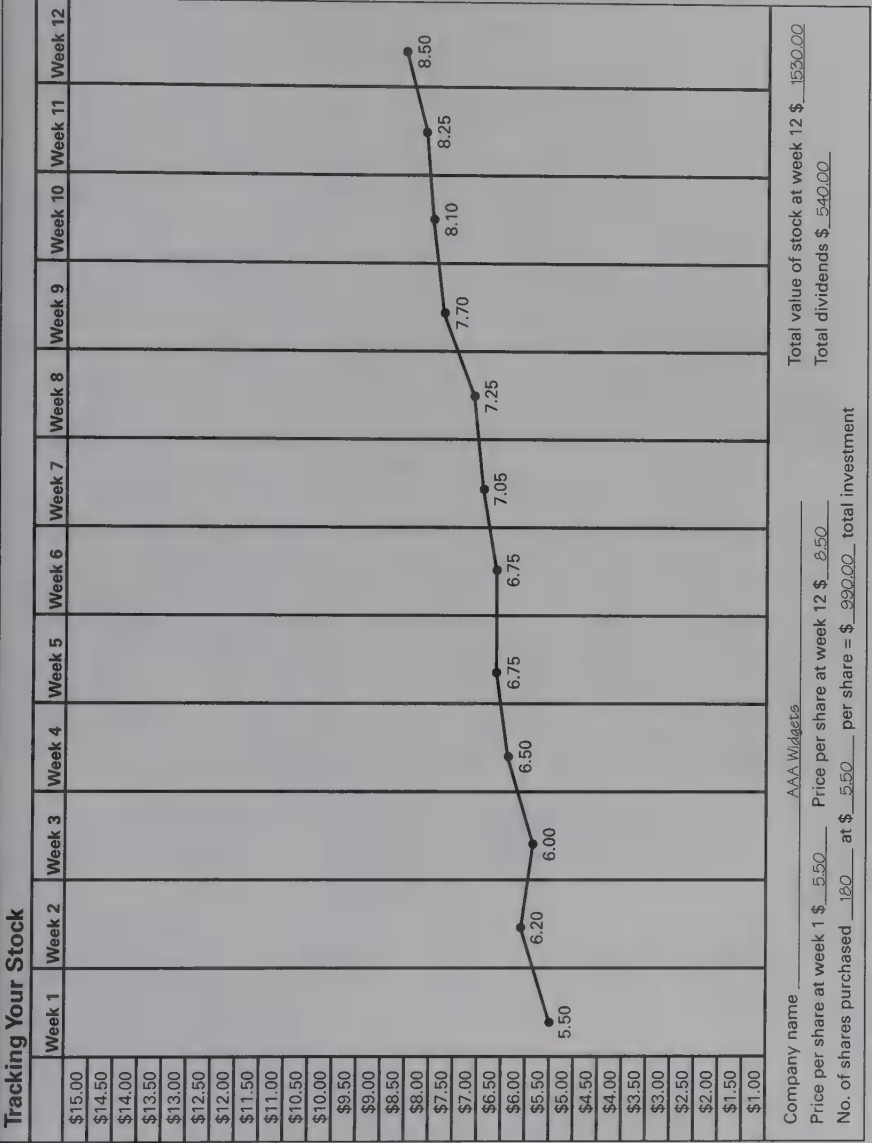
Here is a sample chart you can use to fulfill requirement 3b. You probably will need to adjust the price per share column to suit the stock you "buy."

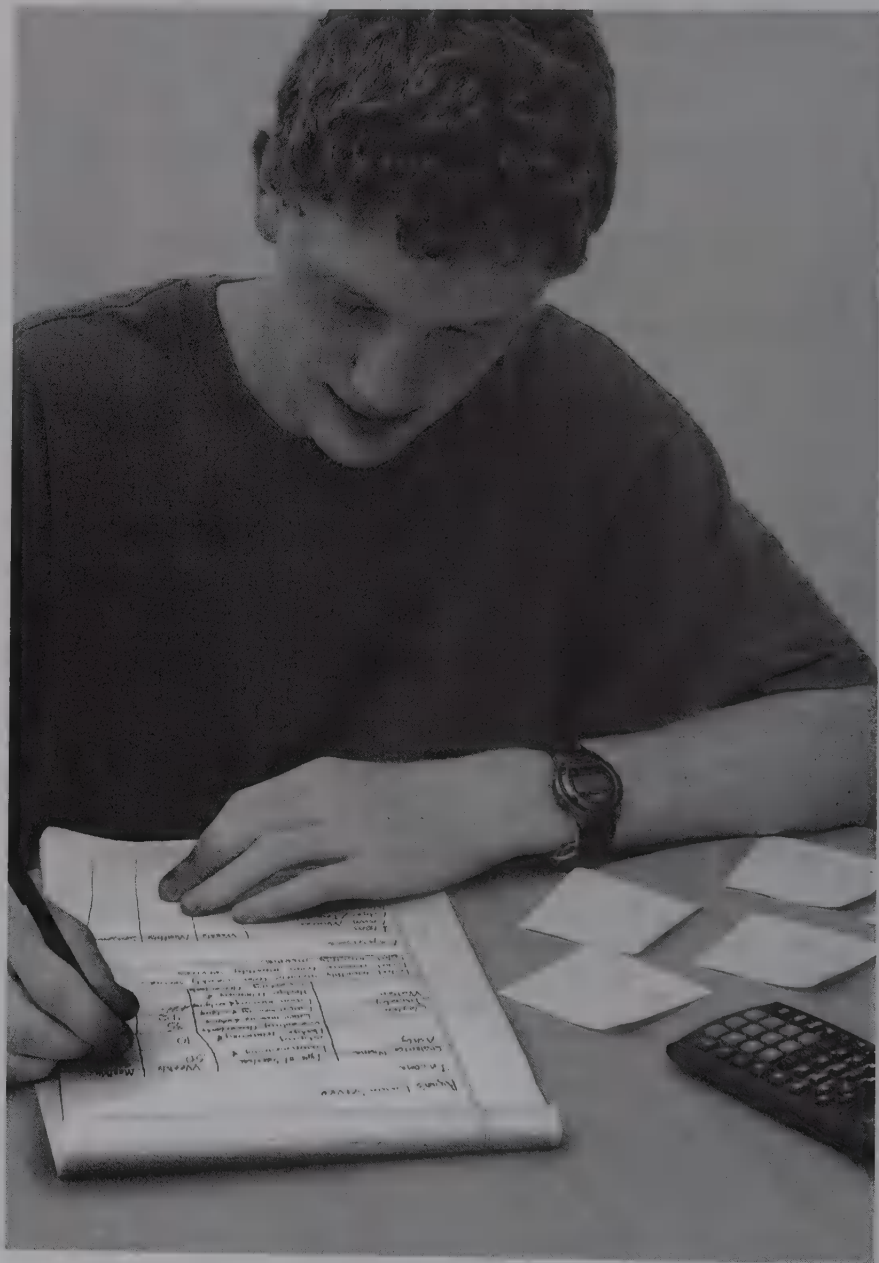
Tracking Your Stock												
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12
Price	\$15.00											
per	\$14.50											
share	\$14.00											
	\$13.50											
	\$13.00											
	\$12.50											
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	\$3.50											
	\$3.00											
	\$2.50											
	\$2.00											
	\$1.50											
	\$1.00											

Company name _____	_____	ment
Price per share at week 1 \$ _____	Price per share at week 12 \$ _____	Total value of stock at week 12 \$ _____
No. of shares purchased _____	at \$ _____ per share = \$ _____	total invest- Total dividends _____

After a three-month period, with your weekly entries, your chart should look something like this:





# Your Own Business

There are lots of opportunities you could try, such as a pet sitting or dog walking service. However, since your lawn care service has been such a success, let's use it as an example. To keep track of your profits, expenses, and other business obligations, you need to make a budget. A budget is your way of planning for the future. Here's one way to do it.

Start with possible income from sales. Say you are just starting your lawn care service. Write down the names of some likely customers. Beside each name, put down the income you expect to receive from that customer for the next three months. The total is your *projected income*.

Now figure your expenses. Include all the materials and tools you have to buy and the maintenance required. You will have no labor cost because you will be doing all the work. But you will want to allocate a small amount of money for rent if you use something that belongs to the family, such as a lawnmower. Or, if someone agrees to give you a loan for start-up costs, you will need to figure out a plan for repayment. If you don't show a profit, you will need to consider how you can cut expenses and whether you can reasonably charge more for your service or product. Find out the going rate for lawn mowing in your area. The more carefully you plan, the better your chance for success.



## Ryan's Lawn Care Services

### Income

Customer Name	Type of Service	Weekly	Monthly
Ashby	Lawn mowing and edging Hedge trimming and weeding flower beds	\$25.00	\$40.00
Clayton	Lawn mowing and edging	\$35.00	
Jacoby	Lawn mowing and edging	\$30.00	
Watson	Lawn mowing and edging Hedge trimming and weeding flower beds	\$35.00	\$55.00

Total monthly income from weekly services:  $\$125.00 \times 4 = \$500.00$

Total income from monthly services:  $\$95.00$

Total monthly income:  $\$595.00$

## Ryan's Lawn Care Services

### Expenses

Item	Weekly	Monthly	Seasonal	Start-up
Lawn mower				\$350.00
Edger/trimmer				\$90.00
Electric hedge trimmer				\$50.00
Hedge clipper				\$30.00
Blower				\$75.00
Rake				\$12.00
Extension cords				\$25.00
Maintenance service Lawn mower (two tune-ups)			\$70.00	
Oil and fuel	\$5.00			
Trimmer line		\$4.00		
Loan repayment		\$69.52		

Total weekly expenses:  $\$5.00$

Total monthly expenses:  $\$73.52$

Total seasonal expenses:  $\$70.00$

Subtotal of start-up expenses:  $\$632.00$

One-time cost of interest @ 10%  
for loan to cover start-up costs  $\$63.20$

Total start-up expenses:  $\$695.20$

Once you determine that you can have a profitable business, keep your records using a small pocket notebook. The sample chart shows that you have a projected monthly income of \$595.00, and monthly expenses of \$73.52—quite profitable! Copy your budget on one page and your list of customers (if you have a service business such as lawn mowing) on another. Record how much cash you have on hand when you start the business. Use one page for income and one for expenses. Make a short entry each time you receive or spend money. Include information such as

- The date
- Where the money was spent or where it came from
- The amount

The sample chart includes an arrangement you have to repay the start-up loan. Dividing the total cost of the loan (\$695.20) into 10 monthly payments of \$69.52 each should be manageable. Use another page to show any money you took for personal use. Include the date, why you used it, and the amount. This money is part of your profit.

**Balance** your book every week or month. To figure your profit, subtract your expenses from your income. Your profit should equal the cash on hand, plus what you withdrew for personal use.

To increase profits, you may need to attract more customers, perform extra services for an extra charge, or reduce expenses. A successful business always strives to improve.

Remember what you learned about dealing with customers: Be courteous, friendly, and respectful. Even though you have a small company, your profit, like that of a large company, keeps the American business system going.

# American Business Resources

## Scouting Literature

*American Labor, Citizenship in the Nation, Citizenship in the World, Communications, Computers, Entrepreneurship, Law, Personal Management, and Salesmanship* merit badge pamphlets

## Books

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Peters, Thomas, et al. *In Search of Excellence: Lessons From America's Best-Run Companies*. Warner Books, 1988.

Thomas, R. David. *Dave's Way: A New Approach to Old-Fashioned Success*. Berkley Publishing Group, 1992.

## **Organizations and Web Sites**

### **The Council of Better Business Bureaus**

4200 Wilson Blvd., Suite 800

Arlington, VA 22203-1838

Telephone 703-276-0100

Web site: <http://www.thebbb.org>

### **National Association of Investors Corporation**

P.O. Box 220

Royal Oak, MI 48068

Toll-free telephone: 877-275-6242

Web site: <http://www.better-investing.org>

### **National Endowment for Financial Education**

5299 DTC Blvd., Suite 1300

Greenwood Village, CO 80111

Telephone: 303-741-6333

Web site: <http://www.nefe.org>

### **Plugged In**

2115 University Avenue

East Palo Alto, CA 94303-2224

Telephone: 650-322-1134

### **Start Smart Investment Clubs**

2780 NW Monterey Drive

Corvallis, OR 97330

Telephone: 541-757-8142

Web site: <http://www.startsmartclubs.com>

### **YoungBiz**

A KidsWay Company

P.O. Box 80411

Atlanta, GA 30366

Toll-free telephone: 888-543-7929

Web site: <http://www.youngbiz.com>

## Acknowledgments

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## MERIT BADGE LIBRARY

Though intended as an aid to Boy Scouts, Varsity Scouts, and qualified Venturers in meeting merit badge requirements, these pamphlets are of general interest and are made available by many schools and public libraries. The latest revision date of each, which might not necessarily correspond to the copyright date of the pamphlet, is shown below (corrected to January 2003).

Merit Badge Pamphlet	Year	Merit Badge Pamphlet	Year	Merit Badge Pamphlet	Year
American Business	2002	Emergency Preparedness	1995	Pets	1984
American Cultures	1995	Energy	1978	Photography	1994
American Heritage	1976	Engineering	2000	Pioneering	1993
American Labor	1987	Entrepreneurship	1997	Plant Science	1983
Animal Science	2000	Environmental Science	1998	Plumbing	1999
Archaeology	1997	Family Life	1991	Pottery	2002
Archery	1986	Farm Mechanics	1997	Public Health	1996
Architecture	1995	Fingerprinting	1983	Public Speaking	2002
Art	2001	Fire Safety	1995	Pulp and Paper	1993
			2002	Radio	2001
				Railroading	1992
				Reading	1993
			1990	Reptile and	
			2002	Amphibian Study	1993
			2002	Rifle Shooting	2001
			1984	Rowing	1998
			2002	Safety	1997
			1988	Salesmanship	1987
			1985	Scholarship	1988
			2002	Sculpture	2002
			1998	Shotgun Shooting	1989
			2001	Skating	1999
			2002	Small-Boat Sailing	1995
			1986	Snow Sports	1999
			1996	Soil and Water	
			2002	Conservation	1995
			1999	Space Exploration	1990
			2002	Sports	1996
			2002	Stamp Collecting	2000
			2001	Surveying	1992
			1972	Swimming	2002
			2002	Textile	1972
			2001	Theater	1999
			1993	Traffic Safety	2001
			1992	Truck Transportation	1973
			1994	Veterinary Medicine	1996
			1991	Waterskiing	1999
			1993	Weather	1999
			1992	Whitewater	1989
			2002	Wilderness Survival	2001
			1999	Wood Carving	2001
			1996	Woodwork	1970
Cooking	2001	Model Design and Building	1993		
Crime Prevention	1996	Motorboating	1992		
Cycling	1996	Music and Bugling	1994		
Dentistry	2002	Nature	1991		
Disabilities Awareness	1993	Oceanography	1993		
Dog Care	1984	Orienteering	1992		
Drafting	1993	Painting	2002		
Electricity	1996	Personal Fitness	1999		
Electronics	1996	Personal Management	1996		

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