

Name: _____

Business Principles

NOTES: Chapter 6.2 – Types & Functions of Business

***Types of Businesses**

- Producers
- Processors
- Manufacturers
- Intermediaries & Wholesalers
- Retailers & Service Businesses

***Producers**

- **Producer:** A business that gathers _____
- Examples:
 - Agriculture
 - Mining
 - Fishing
 - Forestry

***Processors**

- **Processor:** Changes _____ into more _____
- Made from raw goods that require more processing
- Examples:
 - Sugar cane → Sugar
 - Crude oil → Gasoline
 - Iron → Steel

***Manufacturers**

- **Manufacturer:** Business that makes _____ out of _____
- Examples (Finished Goods):
 - Cars
 - DVD's
 - Computers

*Intermediaries & Wholesalers

- **Intermediary:** Business that _____ from one business to another
 - Buys goods, stores them, & resells
- **Wholesaler:** _____ goods
 - Example:
 - Buys products in large quantities from manufacturers and sells smaller quantities to retailers

*Retailers & Service Businesses

- **Retailer:** Purchases goods from a _____ and sells them to _____ (final buyers of the goods)
- Examples:
 - Auto dealers
 - Grocery stores
- **Service Business:** _____ rather than provide goods
- Examples:
 - Medical clinics
 - Law firms

*5 Functions of Business

1. Production & Procurement
2. Marketing
3. Management
4. Finance
5. Accounting

*1. Production & Procurement

- **Production:** Process of _____, expanding, _____, or improving _____
- **Procurement:** _____ and _____ of goods that have already been produced
 - Example: Wholesalers buy goods from producers to resell to retailers and other wholesalers

*2. Marketing

- **Marketing:** Process of _____, pricing, promoting, _____, and distributing ideas, goods, and services
- Involves getting _____ a product or service
- Make decisions based on:
 - Market research
 - Trends

*3. Management

- **Management:** Process of achieving _____ by planning, organizing, leading, controlling, and evaluating the _____

*4. Finance

- **Finance:** The business or art of _____
- Requires analyzing financial statements to make _____

*5. Accounting

- **Accounting:** Involves _____, handling _____, and preparing financial reports

*Interdependency of Functions

- Functional areas of business _____
- Companies benefit from _____
- Example:
 - If sales are decreasing, accounting & finance can note the drop, and a new marketing plan may be needed
 - If products are prices too high, new procedures have to take place from management