Министерство образования и науки Российской Федерации
Федеральное государственное бюджетное образовательное учреждение
высшего профессионального образования
«Томский государственный университет систем управления и радиоэлектроники»

КАФЕДРА ИНОСТРАННЫХ ЯЗЫКОВ

СБОРНИК ТЕКСТОВ ДЛЯ ЧТЕНИЯ И ПЕРЕВОДА.

Учебно-методическое пособие для практической работы

(для учебного пособия «Английский язык для студентов Экономического факультета Pre-intermediate»)

2016

Потапова Т.Н.

Сборник текстов для чтения и перевода. Учебно-методическое пособие для практической работы (для учебного пособия «Английский язык для студентов Экономического факультета Pre-intermediate») / Потапова Т.Н. – 2016. 59 с.

Министерство образования и науки Российской Федерации, Федеральное государственное бюджетное образовательное учреждение высшего профессионального образования «Томский государственный университет систем управления и радиоэлектроники», Кафедра Иностранных языков. – Томск: ТУСУР, 2016. – 59 с.

Данное пособие для практической работы предназначено для студентов 1 курса ТУСУРа направлений бакалавриата ЭФ очной формы обучения. Пособие составлено в соответствии с целями и задачами дисциплины «Английский язык». Пособие содержит тексты для чтения, перевода и пересказа и может быть использовано для практической отработки навыков работы с текстом на английском языке.

Сборник текстов для чтения и перевода. Учебно-методическое пособие для практической работы (для учебного пособия «Английский язык для студентов Экономического факультета Pre-intermediate») размещено в электронном виде на образовательном портале ТУСУРа.

Оглавление

Введение

Данный сборник построен как вспомогательное методическое обеспечение для практической работы студентов по программе курса «Иностранный язык» (Английский, Pre Intermediate) для студентов бакалавриата ЭФ, а также может быть полезным для студентов и других специальностей высших учебных заведений при изучении курса иностранного языка.

В данном учебном издании представлена подборка текстов для чтения из Internet-ресурсов, согласно тематике рабочих программ по иностранному языку.

Пособие подходит как для внеаудиторных занятий, так и аудиторных, и имеет своей целью выработку у студентов навыков чтения и творческого анализа аутентичных и адаптированных текстов.

Наряду с типовыми рекомендуемыми нами заданиями и упражнениями при работе со сборником преподаватель также получает свободу в формировании собственных учебных заданий по изученным темам и текстам.

Методические рекомендации

Преподавателю:

При отработке навыков чтения основные задачи программы курса на начальном этапе – это умение понимать письменное сообщение, используя различные виды чтения в зависимости от конкретной коммуникативной задачи. Как правило это:

а) детальное понимание текста (как основного содержания, так и деталей текста) — изучающий вид чтения (скорость чтения не ниже 60-70 слов в минуту, полнота понимания — от 90%, объем текста — до 700 слов оригинального текста; объем незнакомой лексики в не ключевых позициях — до 10%);

б) нахождение в тексте ключевой информации для понимания основного содержания текста — ознакомительный вид чтения (скорость чтения 120 слов в минуту, полнота понимания — 40%, объем текста — до 2000 слов оригинального текста; объем незнакомой лексики внеключевых позициях — до 40%);

в) нахождение и понимание информации, ограниченной коммуникативным заданием, — просмотровый вид чтения (скорость чтения не ниже 140 слов в минуту, полнота понимания — до 20%, объем текста — до 1000 слов).

При этом студент должен получить лингвистическую информацию, касающуюся таких понятий как:

- Виды чтения текста (просмотровой, изучающий и др.)
- Организация текста в соответствии с коммуникативной целью высказывания. Структурная, смысловая и коммуникативная целостность текста.
- Референция имен (идентификация предметов, называемых в высказывании), категория предикативности (идентификация временной и модальной отнесенности высказывания к действительности), локально- временная отнесенность высказывания (обстоятельственные уточнители места и времени) как основные актуализаторы текста.
- Текстообразующие функции порядка слов, расположения предложений (как актуализаторы поступательного движения информативного содержания текста), союзов, союзных и соединительных слов (для установления логических связей высказывания).
- Композиционное оформление текста. Абзац как единица композиционной структуры текста. Пунктуация.

При работе со сборником в зависимости от контингента и уровня знаний обучающихся преподаватель вправе самостоятельно формировать упражнения и вопросы на понимание, проверяющие умение студента понять общее содержание, детали и структуру текста. При этом можно использовать традиционные типы заданий, вырабатывающие навыки разных видов чтения.

Рекомендуемые типы заданий для студентов:

При внеаудиторной (самостоятельной) работе:

1. Прочитайте текст без обращения к словарю. Засеките время. Постарайтесь в одном высказывании сформулировать главную мысль текста, предложите новый заголовок.
2. Читайте абзац за абзацем. Выделяйте незнакомые слова/словосочетания.
3. Выпишите не менее 10 незнакомых слов. Догадайтесь о значении незнакомых слов. Найдите неизвестные слова по словарю. Подберите не менее 3 основных значений для каждого слова.
4. Укажите, какие из абзацев/предложений абзаца несут главную информацию, почему.
5. В указанных абзацах подчеркните ключевое слово (или предложение).
6. Выполните перевод указанных предложений на русский язык. Какие единицы не имели прямых эквивалентов по словарю.
7. Определите по формальным признакам, какими частями речи являются выделенные слова.
8. Составьте план текста для пересказа.
9. Выпишите все прилагательные/существительные в указанном абзаце. Подберите синонимы/антонимы.
10. Напишите сообщение/эссе (не более 100 слов) по теме текста.
11. Найдете дополнительную информацию по прочитанному вопросу.
12. Составьте 10 вопросов по тексту.
13. Составьте не менее 10 предложений с незнакомыми словами.
14. Выберите примеры, демонстрирующие те или иные грамматические явления, изучаемые в разделе грамматики английского языка (время, типы причастий, модальности и др.)
15. Выделите средства связности в тексте.
16. Дайте несколько вариантов предложения.
17. Что вы хотели бы узнать по теме текста дополнительно.

При аудиторной работе:

1. Прочтите предложения. Выразите ту же мысль по-другому.
2. Соотнесите понятия, выражаемые данными словами, с темой текста.
3. Перечислите вопросы, освещаемые в тексте.
4. Дайте краткую аннотацию прочитанного.
5. Ответьте на вопросы преподавателя по тексту.
6. Прокомментируйте предложения, взятые из текста.
7. Перескажите текст группе/товарищу/преподавателю.
8. Выразите свое отношение к прочитанному.
9. Составьте ложные и истинные утверждения по тексту. Спросите товарища.
10. Какие аспекты вас заинтересовали, что нового вы узнали из текста, что еще хотели бы узнать.

Lesson 1 What is economics?

The methods used by economists

Economists use scientific observation and deduction in their investigations. To achieve this they:

Describe and measure the exchanges they observe

Economists describe changes in economic variables, and measure these changes over time. For example, economists describe and measure how interaction in markets determines the prices of such diverse products as motor cars, houses, haircuts, and computer software. Measurement in economics can take many forms, including measuring absolute and relative quantities and values. When measuring relative values it is common to use index numbers.

Explain how interactions arise and create costs and benefits

Economists try to explain the effects, or results, of economic transactions. For example, economists can explain why, despite bubbles and crashes, the long-run trend in house prices in the UK has been upwards over the last 30 years, and can identify those who have been affected positively and negatively by this increase. Of course, economists also try to explain the short-term movements in prices, and how they also have costs and benefits.

Propose hypotheses, construct, and apply 'models' to test these hypotheses.

Like all scientists, economists develop hypotheses to explain why economic behaviour takes place, and then construct models to test these hypotheses. For example, economists may propose that price rises are caused by excess demand, and then attempt to construct a model of price that explains how excess demand can raise price. Economists frequently use versions of the demand and supply model to help explain events such as house price trends and movements. Economic models usually employ graphical and mathematical analysis to help explain and illustrate such economic processes.

Gather data to put into the model

Models must be tested against the real world, which means gathering statistical data about real events. In this way, a model can be improved and revised when necessary.

Predict behaviour based on these models.

The ultimate goal of the economist is to predict future behaviour. For example, by using a demand and supply model and by inputting real data about the housing market, economists can show that even a small fall in bank lending can trigger behaviour that leads to a significant fall in house prices in the short run. The ultimate value of an economic model is that it can accurately predict the onset and the effect of an economic event. The better the model is, the more useful it is in helping economists make predictions.

Correlation analysis can help determine the strength of particular causal relationships so that strong and weak relationships can be identified. For example, it might be possible to demonstrate that, of all the factors that have contributed to falling house prices, the reduced availability of credit is the single biggest factor.

Adapted from:
http://www.economicsonline.co.uk/Competitive_markets/What_is_economics.html

What Is Economics? Some Answers to a Surprisingly Complex Question

By Mike Moffatt

What at first may appear to be a relatively simple and straightforward question is actually one economists have been trying to define in their own terms throughout history. So it should be no surprise that there is no one universally-accepted answer to the question: "What is economics?"

Browsing the web, you will find various answers to that very question. Even your economics textbook, the basis for a typical high school or college course, may differ ever so slightly from another in its explanation. But each definition shares some common principles, namely those of choice, resources, and scarcity.

What is Economics: How Others Define Economics

The Economist's Dictionary of Economics defines economics as "the study of the production, distribution, and consumption of wealth in human society."

Saint Michael's College answers the question, "what is economics?" with brevity: "most simply put, economics is the study of making choices."

Indiana University answers the question with a longer, more academic approach stating that "economics is a social science that studies human behavior...[it] has a unique method for analyzing and predicting individual behavior as well as the effects of institutions such as firms and governments, or clubs and religions."

What Is Economics: How I Define Economics

As an economics professor and About.com economics expert, if I were asked to provide an answer to that same question I would likely share something along the lines of the following:

"Economics is the study of how individuals and groups make decisions with limited resources as to best satisfy their wants, needs, and desires."

From this standpoint, economics is very much the study of choices. Though many are lead to believe that economics is driven purely by money or capital, in reality, it is much more expansive. If the study of economics is the study of how people choose to use their resources, we must consider all of their possible resources, of which money is but one. In practice, resources can encompass everything from time to knowledge and property to tools. Because of this, economics helps illustrate how people interact within the market to realize their diverse goals.

Beyond defining what these resources are, we must also consider the concept of scarcity. These resources, no matter how broad the category, are limited. This is the source of tension in the choices people and society make. Their decisions are a result of the constant tug of war between unlimited wants and desires and limited resources.

From this basic understanding of what economics is, we can break down the study of economics into two broad categories: microeconomics and macroeconomics.

What is Microeconomics?

We see that microeconomics deals with economic decisions made at a low or micro level. Microeconomics looks at questions that relate to individual people or firms within the economy and analyzing aspects of human behavior. This includes raising and answering questions like, "how does the change of a price of good influence a family's purchasing decisions?" Or at a more individual level, how a person may ask him or herself, "if my wages rise, will I be inclined to work more hours or less hours?"

What is Macroeconomics?

In contrast to microeconomics, macroeconomics considers similar questions but at a larger level. The study of macroeconomics deals with the sum total of the decisions made by individuals in a society or nation such as "how does a change in interest rates influence national savings?" It looks the way nations allocate its resources like labor, land, and capital.

Adapted from:
http://economics.about.com/cs/studentresources/f/whatiseconomics.htm

Why study economics?

What do you think Economics is? Is it a hard science used by bankers to make money? Like alchemists who conjure gold? Is it about politics and accounting? Though its ancient etymology defines it as “the science of wealth” its meaning has expanded over time, and it is now a social science of the factors influencing “well-being” as formally described by the Quality Assurance Agency For Higher Education.

How is economics different from other social sciences?

Economics borrows from multiple sciences e.g. sociology or law, to explain why and how people act to improve their well-being and wealth, e.g. behavioural economics borrows from psychology and history to analyse how past experiences may shape expectations about the future. This may lead to bad decisions.

Economist typically solve problems by:

Abstraction: breaking down a problem into its various components, as any one thing has various factors influencing it, e.g. any big business is run by numerous people, each with an important role.

Analysis: observing past data, the context, as well as what theory predicts, to investigate which choices are being irrationally made, and why.

Correction: tweaking or removing the source of a bad choice, potentially through policy.

Is there Maths?

Yes!

This can be intimidating, but economic math is relatively simpler to that being taught to Maths undergraduates at university. While economics deals with understanding and interpreting our society, it also falls back heavily on concrete, numerical proof of what works in the economy and what doesn’t. This will involve observing numbers (as graphs or tables) to make sure mistakes are identified, and not repeated.

Communism seems like a good idea on paper until numbers prove that it doesn’t work in real life!

What skills will I have after graduating?

It goes without saying that you'll learn the general bits everyone does when they go into university: submitting assignments on time (punctuality,) pulling all-nighters in a caffeine-induced haze (dedication and resolve) as well as interacting with a diverse and interesting crowd (breadth of knowledge and a sensitivity to others' opinions). However, an economics degree will help you mature at university in a unique way:

Abstraction and simplification: You see any problem as having multiple smaller components, like the cogs and wheels to a malfunctioning machine. This microeconomic perspective allows you to solve any large problem easily: it's like lubricating a gear to get the whole machine to work.

Innovation: Discovering the problem can take a bit of creative thinking, as may crafting the solution for that problem.

Analytical skills: In economics and otherwise, you'll know exactly what to look at when making a choice, and this will help you arrive at the best possible outcome to maximise your welfare. Your best friend may have told you they loved Frosted Flakes, but does that mean you should buy them too? It is only one person, after all, and it doesn't amount to a general consensus.

Comfort with Numbers: You'll be at home with numbers so you can easily pick apart anything suspicious the data tells you.

Economic Awareness: You'll develop a deeper appreciation and understanding of how the world works when interpreting it through an economic lens.

Bragging Rights!: Not everyone is as lucky or smart to complete an economics degree at university.

Will I get a job?

Probably. Most skills mentioned above are general, and you could easily move into a number of fields. You could be an investment banker in London, or take up a job in actuary, consultancy, auditing, trading, education, research, etc. The list goes on.

http://whystudyeconomics.ac.uk/what-is-economics/

Lesson 2 Economic theories

5 Nobel Prize-Winning Economic Theories You Should Know About

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel has been awarded 44 times to 71 Laureates who have researched and tested dozens of ground-breaking ideas. Here are five prize-winning economic theories that you'll want to be familiar with. These are ideas you're likely to hear about in news stories, because they apply to major aspects of our everyday lives.

1. Management of Common Pool Resources

In 2009, Indiana University political science professor Elinor Ostrom became the first woman to win the prize. She received it "for her analysis of economic governance, especially the commons." Ostrom's research showed how groups work together to manage common resources such as water supplies, fish and lobster stocks, and pastures through collective property rights. She showed that ecologist Garrett Hardin's prevailing theory of the "tragedy of the commons" is not the only possible outcome, or even the most likely outcome, when people share a common resource.

Hardin's theory says that common resources should be owned by the government or divided into privately owned lots to prevent the resources from becoming depleted through overuse. He said that each individual user will try to obtain maximum personal benefit from the resource to the detriment of later users. Ostrom showed that common pool resources can be effectively managed collectively, without government or private control, as long as those using the resource are physically close to it and have a relationship with each other. Because outsiders and government agencies don't understand local conditions or norms, and lack relationships with the community, they may manage common resources poorly. By contrast, insiders who are given a say in resource management will self-police to ensure that all participants follow the community's rules.

2. Behavioral Economics

The 2002 prize went to psychologist Daniel Kahneman, "for having integrated insights from psychological research into economic science, especially concerning human judgment and decision-making under uncertainty." Kahneman showed that people do not always act out of rational self-interest, as the economic theory of expected utility maximization would predict. This is a crucial concept to the field of study known as behavioral finance. Kahneman conducted his research with Amos Tversky, but Tversky was not eligible to receive the prize because he died in 1996 and the prize is not awarded posthumously.

3. Asymmetric Information

In 2001, George A. Akerlof, A. Michael Spence and Joseph E. Stiglitz won the prize "for their analyses of markets with asymmetric information." The trio showed that economic models predicated on perfect information are often misguided because, in reality, one party to a transaction often has superior information, a phenomenon known as "information asymmetry."

An understanding of information asymmetry has improved our understanding of how various types of markets really work and the importance of corporate transparency. Akerlof showed how information asymmetries in the used car market, where sellers know more than buyers about the quality of their vehicles, can create a market with numerous lemons (a concept known as "adverse selection"). A key publication related to this prize is Akerlof's 1970 journal article, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism."

Today, these concepts are so widespread that we take them for granted, but when they were first developed, they were groundbreaking.

4. Game Theory

The academy awarded the 1994 prize to John C. Harsanyi, John F. Nash Jr. and Reinhard Selten "for their pioneering analysis of equilibria in the theory of non-cooperative games." The theory of non-cooperative games is a branch of the analysis of strategic interaction commonly known as "game theory." Non-cooperative games are those in which participants make non-binding agreements. Each participant bases his or her decisions on how he or she expects other participants to behave, without knowing how they will actually behave.

One of Nash's major contributions was the Nash Equilibrium, a method for predicting the outcome of non-cooperative games based on equilibrium. Nash's 1950 doctoral dissertation, "Non-Cooperative Games," details his theory. The Nash Equilibrium expanded upon earlier research on two-player, zero-sum games. Selten applied Nash's findings to dynamic strategic interactions, and Harsanyi applied them to scenarios with incomplete information to help develop the field of information economics. Their contributions are widely used in economics, such as in the analysis of oligopoly and the theory of industrial organization, and have inspired new fields of research.

5. Public Choice Theory

James M. Buchanan Jr. received the prize in 1986 "for his development of the contractual and constitutional bases for the theory of economic and political decision-making." Buchanan's major contributions to public choice theory bring together insights from political science and economics to explain how public-sector actors (e.g., politicians and bureaucrats) make decisions. He showed that, contrary to the conventional wisdom that public-sector actors act in the public's best interest (as "public servants"), politicians and bureaucrats tend to act in their own self-interest, just like private-sector actors (e.g., consumers and entrepreneurs). He described his theory as "politics without romance."

Using Buchanan's insights regarding the political process, human nature and free markets, we can better understand the incentives that motivate political actors and better predict the results of political decision-making. We can then design fixed rules that are more likely to lead to desirable outcomes. For example, instead of allowing deficit spending, which political leaders are motivated to engage in because each program the government funds earns them support from a group of voters, we can impose a constitutional restraint on government spending, which benefits the general public by limiting the tax burden.

The Bottom Line

Each of the dozens of winners of the Nobel memorial prize in economics has made outstanding contributions to the field, and the other award-winning theories are worth getting to know, too. A working knowledge of the theories described here, however, will help you establish yourself as someone who is in touch with ideas that are essential to our lives today.

Adapted from: http://www.forbes.com/sites/investopedia/2013/01/22/5-nobel-prize-winning-economic-theories-you-should-know-about/#13d34d0116e2

Three Economists and Their Theories

The three most important economists were Adam Smith, Karl Marx, and John Maynard Keynes (pronounced canes). Each was a highly original thinker who developed economic theories that were put into practice and affected the world's economies for generations.

Adam Smith and His Invisible Hand of Capitalism

Adam Smith, a Scot and a philosopher who lived from 1723 to 1790, is considered the founder of modern economics. In Smith's time, philosophy was an all-encompassing study of human society in addition to an inquiry into the nature and meaning of existence. Deep examination of the world of business affairs led Smith to the conclusion that collectively the individuals in society, each acting in his or her own self-interest, manage to produce and purchase the goods and services that they as a society require. He called the mechanism by which this self-regulation occurs "the invisible hand," in his groundbreaking book, The Wealth of Nations, published in 1776, the year of America's Declaration of Independence.

While Smith couldn't prove the existence of this "hand" (it was, after all, invisible) he presented many instances of its working in society. Essentially, the butcher, the baker, and the candlestick maker individually go about their business. Each produces the amount of meat, bread, and candlesticks he judges to be correct. Each buys the amount of meat, bread, and candlesticks that his household needs. And all of this happens without their consulting one another or without all the king's men telling them how much to produce. In other words, it's the free market economy in action.

Karl Marx: It's Exploitation!

Karl Marx, a German economist and political scientist who lived from 1818 to 1883, looked at capitalism from a more pessimistic and revolutionary viewpoint. Where Adam Smith saw harmony and growth, Marx saw instability, struggle, and decline. Marx believed that once the capitalist (the guy with the money and the organizational skills to build a factory) has set up the means of production, all value is created by the labor involved in producing whatever is being produced. In Marx's view, presented in his 1867 tome Das Kapital (Capital), a capitalist's profits come from exploiting labor—that is, from underpaying workers for the value that they are actually creating. For this reason, Marx couldn't abide the notion of a profit-oriented organization.

This situation of management exploiting labor underlies the class struggle that Marx saw at the heart of capitalism, and he predicted that that struggle would ultimately destroy capitalism. To Marx, class struggle is not only inherent in the system—because of the tension between capitalists and workers—but also intensifies over time. The struggle intensifies as businesses eventually become larger and larger, due to the inherent efficiency of large outfits and their ability to withstand the cyclical crises that plague the system. Ultimately, in Marx's view, society moves to a two-class system of a few wealthy capitalists and a mass of underpaid, underprivileged workers.

Marx predicted the fall of capitalism and movement of society toward communism, in which “the people” (that is, the workers) own the means of production and thus have no need to exploit labor for profit. Clearly, Marx's thinking had a tremendous impact on many societies, particularly on the USSR (Union of Soviet Socialist Republics) in the twentieth century.

In practice, however, two events have undermined Marx's theories. First, in socialist, centrally planned economies have proven far less efficient at producing and delivering goods and services—that is, at creating the greatest good for the greatest number of people—than capitalist systems. Second, workers' incomes have actually risen over time, which undercuts the theory that labor is exploited in the name of profit. If workers' incomes are rising, they are clearly sharing in the growth of the economy. In a very real sense, they are sharing in the profits.

Keynes: The Government Should Help Out the Economy

John Maynard Keynes, a British economist and financial genius who lived from 1883 to 1946, also examined capitalism and came up with some extremely influential views. They were, however, quite different from those of Karl Marx and, for that matter, Adam Smith. In 1936, he published his General Theory of Employment, Interest, and Money. We will examine Keynes's theories later. They mainly involve people's propensity to spend or to save their additional money as their incomes rise, and the effects of increases in spending on the economy as a whole.

The larger significance of Keynes's work lies in the view he put forth about the role of government in a capitalist economy. Keynes was writing during the Great Depression. It's worth noting at this point that in the United States unemployment reached about 25 percent and millions of people had lost their life savings as well as their jobs. Moreover, there was no clear path out of the depression, which led people to seriously question whether Smith's invisible hand was still guiding things along. Was this worldwide collapse of economic activity the end of capitalism?

Keynes believed that there was only one way out, and that was for the government to start spending in order to put money into private-sector pockets and get demand for goods and services up and running again. As it turns out, President Franklin D. Roosevelt gave this remedy a try when he started a massive public works program to employ a portion of the idle workforce. However, the United States entry into World War II rendered this a less than pure experiment in government spending. The war effort boosted production to extremely high levels (to make guns, ammunition, planes, trucks, and other materiel) while simultaneously taking millions of men out of the civilian workforce and into uniform.

Adapted from: http://www.infoplease.com/cig/economics/three-economists-their-theories.html

Lesson 3 Economic Systems

The 4 Types Of Economic Systems Explained

There are four primary types of economic systems in the world: traditional, command, market and mixed. Each economy has its strengths and weaknesses, its sub-economies and tendencies, and, of course, a troubled history.

Below we examine each system in turn and give ample attention to the attributes listed above. It's important to understand how different parts of the world function economically, as the economy is one of the strongest forces when it comes to balancing political power, instigating war and delivering a high (or low) quality of life to the people it serves. Anyone interested in economics on a global level should check out this fantastic course on the crisis of capitalism and why the global economy is teetering on the verge of collapse.

1. Traditional Economic System

A traditional economic system is the best place to start because it is, quite literally, the most traditional and ancient type of economy in the world. There are certain elements of a traditional economy that those in more advanced economies, such as Mixed, would like to see return to prominence.

Where Tradition Is Cherished: Traditional economies still produce products and services that are a direct result of their beliefs, customs, traditions, religions, etc. Vast portions of the world still function under a traditional economic system. These areas tend to be rural, second- or third-world, and closely tied to the land, usually through farming. However, there is an increasingly small population of nomadic peoples, and while their economies are certainly traditional, they often interact with other economies in order to sell, trade, barter, etc. Learn about the complexities of globalization and how it shapes economic relationships and affects cultures with this great class on the geography of globalization.

Minimal Waste: Traditional economies would never, ever, in a million years see the type of profit or surplus that results from a market or mixed economy. In general, surplus is a rare thing. A third-world and/or indigenous country does not have the resources necessary (or if they do, they are controlled by wealthier economies, often by force), and in many cases any surplus is either distributed, wasted, or paid to some authority that has been given power.

Advantages And Disadvantages: Certainly one of the most obvious advantages is that tradition and custom is preserved while it is virtually non-existant in market/mixed economies. There is also the fact that each member of a traditional economy has a more specific and pronounced role, and these societies are often very close-knit and socially satisfied. The main disadvantage is that traditional economies do not enjoy the things other economies take for granted: Western medicine, centralized utilities, technology, etc. But as anyone in America can attest, these things do not guarantee happiness, peace, social or, most ironically of all, economic stability.

2. Command Economic System

In terms of economic advancement, the command economic system is the next step up from a traditional economy. This by no means indicates that it is fairer or an exact improvement; there are many things fundamentally wrong with a command economy.

Centralized Control: The most notable feature of a command economy is that a large part of the economic system is controlled by a centralized power; often, a federal government. This kind of economy tends to develop when a country finds itself in possession of a very large amount of valuable resource(s). The government then steps in and regulates the resource(s). Often the government will own everything involved in the industrial process, from the equipment to the facilities.

Supposed Advantages: You can see how this kind of economy would, over time, create unrest among the general population. But there are actually several potential advantages, as long as the government uses intelligent regulations. First of all, a command economy is capable of creating a healthy supply of its own resources and it generally rewards its own people with affordable prices (but because it is ultimately regulated by the government, it is ultimately priced by the government). Still, there is often no shortage of jobs as the government functions similarly to a market economy in that it wants to grow and grow upon its populace.

Hand In The Cookie Jar: Interestingly – or maybe, predictably – the government in a command economy only desires to control its most valuable resources. Other things, like agriculture, are left to be regulated and run by the people. This is the nature of a command economy and many communist governments fall into this category.

3. Market Economic System

A market economy is very similar to a free market. The government does not control vital resources, valuable goods or any other major segment of the economy. In this way, organizations run by the people determine how the economy runs, how supply is generated, what demands are necessary, etc.

Capitalism And Socialism: No truly free market economy exists in the world. For example, while America is a capitalist nation, our government still regulates (or attempts to regulate) fair trade, government programs, moral business, monopolies, etc. etc. The advantage to capitalism is you can have an explosive economy that is very well controlled and relatively safe. This would be contrasted to socialism, in which the government (like a command economy) controls and owns the most profitable and vital industries but allows the rest of the market to operate freely; that is, price is allowed to fluctuate freely based on supply and demand.

Market Economy And Politics: Arguably the biggest advantage to a market economy (at least, outside of economic benefits) is the separation of the market and the government. This prevents the government from becoming too powerful, too controlling and too similar to the governments of the world that oppress their people while living lavishly on controlled resources. In the same way that separation of church and state has been to vital to America’s social success, so has a separation of market and state been vital to our economic success. Yes, there is something wary about a system which to be successful must foster constant growth, but as a result progress and innovation have occurred at such incredible rates as to affect the way the world economy functions.

4. Mixed Economic System

A mixed economic system (also known as a Dual Economy) is just like it sounds (a combination of economic systems), but it primarily refers to a mixture of a market and command economy (for obvious reasons, a traditional economy does not typically mix well). As you can imagine, many variations exist, with some mixed economies being primarily free markets and others being strongly controlled by the government. Learn more about an essential part of our economy with this free post on understanding the stock market.

Benefits Of A Mixed Economy: In the most common types of mixed economies, the market is more or less free of government ownership except for a few key areas. These areas are usually not the resources that a command economy controls. Instead, as in America, they are the government programs such as education, transportation, USPS, etc. While all of these industries also exist in the private sector in America, this is not always the case for a mixed economy.

Disadvantages Of A Mixed Economy: While a mixed economy can lead to incredible results (America being the obvious example), it can also suffer from similar downfalls found in other economies. For example, the last hundred years in America has seen a rise in government power. Not just in imposing laws and regulations, but in actually gaining control, becoming more difficult to access while simultaneously becoming less flexible. This is a common tendency of mixed economies.

Adapted from: https://blog.udemy.com/types-of-economic-systems/

Economic systems

There are two basic solutions to the economic problem as described by Paul Samuelson, namely free markets and central panning.

Free market economies

Markets enable mutually beneficial exchange between producers and consumers, and systems that rely on markets to solve the economic problem are called market economies. In a free market economy, resources are allocated through the interaction of free and self-directed market forces. This means that what to produce is determined consumers, how to produce is determined by producers, and who gets the products depends upon the purchasing power of consumers. Market economies work by allowing the direct interaction of consumers and producers who are pursuing their own self-interest. The pursuit of self-interest is at the heart of free market economics.

Command economies

The second solution to the economic problem is the allocation of scarce resources by government, or an agency appointed by the government. This method is referred to as central planning, and economies that exclusively use central planning are called command economies. In other words governments direct or command resources to be used in particular ways. For example, governments can force citizens to pay taxes and decide how many roads or hospitals are built.

Command economies have certain advantages over free market economies, especially in terms of the coordination of scarce resources at times of crisis, such as a war or following a natural disaster. Free markets also fail at times to allocate resources efficiently, so remedies often involve the allocation of resources by government to compensate for these failures.

Command economies have certain advantages over free market economies, especially in terms of the coordination of scarce resources at times of crisis, such as a war or natural disaster. Free markets also fail at times to allocate resources efficiently, so remedies often involve the allocation of resources by government to compensate for these failures.

Mixed economies

There is a third type of economy involving a combination of market forces and central planning, called mixed economies.

Mixed economies may have a distinct private sector, where resources are allocated primarily by market forces, such as the grocery sector of the UK economy. Mixed economies may also have a distinct public sector, where resources are allocated mainly by government, such as defence, police, and fire services. In many sectors, resources are allocated by a combination of markets and panning, such as healthcare and, which have both public and private provision.

In reality, all economies are mixed, though there are wide variations in the amount of mix and the balance between public and private sectors. For example, in Cuba the government allocates the vast majority of resources, while in Europe most economies have an even mix between markets and planning.

Economic systems can be evaluated in terms of how efficient they are in achieving economic objectives.

Adapted from:
http://www.economicsonline.co.uk/Competitive_markets/Economic_systems.html

Lesson 4 Taxation

What is 'Taxation'

Taxation refers to compulsory or coercive money collection by a levying authority, usually a government. The term "taxation" applies to all types of involuntary levies, from income to capital gains to estate taxes. Though taxation can be a noun or verb, it is usually referred to as an act; the resulting revenue is usually called "taxes."

Taxation is differentiated from other forms of payment, such as market exchanges, in that taxation does not require consent and is not directly tied to any services rendered. The government compels taxation through an implicit or explicit threat of force. Taxation is legally different than extortion or a protection racket because the imposing institution is a government, not private actors.

Tax systems have varied considerably across jurisdictions and time. In most modern systems, taxation occurs on both physical assets, such as property, and specific events, such as a sales transaction. The formulation of tax policies is one of the most critical and contentious issues in modern politics.

Taxation in the United States

Originally, the U.S. government was funded on very little direct taxation. Instead, federal agencies assessed user fees for ports and other government property. In times of need, the government would decide to sell government assets and bonds, or issue an assessment to the states for services rendered. In fact, Thomas Jefferson abolished direct taxation in 1802 after winning the presidency; only excise taxes remained, which Congress repealed in 1817. Between 1817 and 1861, the federal government collected no internal revenue.

An income tax of 3% was levied on high-income earners during the Civil War. It was not until the Sixteenth Amendment was ratified in 1913 that the federal government assessed taxes on income as a regular revenue item. As of 2016, U.S. taxation applies to items or activities ranging from income to cigarettes to inheritances and even winning a Nobel Prize. In 2012, the U.S. Supreme Court ruled that failure to purchase specific goods or services, such as health insurance, was considered a tax and not a fine.

Purposes and Justifications for Taxation

The most basic function of taxation is to fund government expenditures. Varying justifications and explanations for taxes have been offered throughout history. Early taxes were used to support ruling classes, raise armies and build defenses. Often, the authority to tax stemmed from divine or supranational right.

Later justifications have been offered across utilitarian, economic or moral considerations. Proponents of progressive levels of taxation on high income earners argue that taxes encourage a more equitable society. Higher taxes on specific products and services, such as tobacco or gasoline, have been justified as a deterrent on consumption. Advocates of public goods theory argue taxes may be necessary in instances in which the private provision of public goods is considered sub optimal, such as with lighthouses or national defense.

Adapted from : http://www.investopedia.com/terms/t/taxation.asp#ixzz4PXW4XVcy

Types of Taxes

Every April we muddle through our taxes, on our own or with the help of a tax accountant. Unless we happen to be tax policy wonks we don't dwell too much on the theory and practice of taxation. While America's tax code may be notoriously complicated, the taxes break down into discrete categories that are easy to understand. Here's our guide to types of taxes:

Consumption Tax

A consumption tax is a tax on the money people spend, not the money people earn. Sales taxes, which state and local governments use to raise revenue, are a type of consumption tax. An excise tax on a specific good, such as the gas tax, is also an example of a consumption tax. Some economists have proposed a federal consumption tax for the US that could offset or replace taxes on capital gains and dividends.

Progressive Tax

A progressive tax is one that gets steeper for tax-payers with more money. In a progressive tax system like the US federal income tax, wealthy people are taxed at a higher rate than middle-class Americans and middle-class Americans are taxed at a higher rate than working-class Americans.

Regressive Tax

A regressive tax is a tax that it is not progressive. This could either mean that the tax is lower on wealthy individuals or that the tax is flat. Why would a flat tax be regressive? Because people with lower incomes would feel the effect of a flat tax more strongly. To a multi-millionaire, a 15% tax wouldn't translate to a substantial decrease in quality of life. To someone making $30,000 a year, a 15% tax would mean a serious dent in spending power.

Proportional Tax

A proportional tax is the same as a flat tax. Taxpayers at all income levels would pay the same "proportion" in taxes. As explained above, proportional taxes are regressive taxes. These types of taxes are common in state-level sales taxes but not common at the federal level. Anyone who remembers the 2012 presidential campaign will remember a famous proportional tax proposal, the 9-9-9 Plan. That plan was for a 9% business transaction tax, a 9% personal income tax and a 9% federal sales tax.

VAT or Ad Valorem Tax

The VAT tax is big in Europe but hasn't been adopted in the US. It's a tax on the "added value" of a product, the difference between the sales price and the cost of producing a good or service. It's a form of consumption tax that buyers pay when they make a purchase, similar to a sales tax.

So what's the difference between sales tax and VAT? Sales tax is paid by the purchaser of a product. Only that final stage in the product's life is subject to taxation. VAT, in contrast, is applied at each stage of the supply chain and then snowballed into the final purchase price. If you travel to a country with VAT you probably won’t notice you’re paying it because it will be included in the prices you pay. Sales tax, on the other hand, is listed separately on receipts.

Property Tax

Property taxes are taxes paid on homes, land or commercial real estate. If you’re deciding whether you can afford to buy a home you should take property taxes into account. Unlike a mortgage, property tax payments don’t amortize. You have to keep paying them for as long as you live in a home – unless you qualify for property tax exemptions for seniors, veterans or disabled residents.

Capital Gains Taxes

Capital gains taxes are taxes on investment income after an investment is sold and a capital gain is realized. Because so many Americans don’t invest at all, they don’t pay capital gains taxes. There are also taxes on dividends and interests stemming from simple interest from a bank account or dividends and earnings from investments.

Inheritance/Estate Taxes

Estate and inheritance taxes are taxes paid after someone dies. An estate tax is paid from the net worth of the deceased. It’s a tax on the privilege of passing on assets to heirs. There is a federal estate tax, and some states levy their own estate taxes as well. Inheritance taxes don’t exist at the federal level and are only law in a handful of states. They’re taxes on the privilege of inheriting assets, and so are paid by the heir, not the estate of the deceased.

Payroll Taxes

If you take your annual salary and divide it by the number of times you get paid each year, chances are that number is higher than your actual paycheck. One reason could be that your healthcare premiums or 401(k) contributions are deducted from your paycheck. Another reason is payroll taxes. These taxes cover your contribution to Medicare, to Social Security retirement, disability and survivor benefits and to federal unemployment benefits. You’ll also have federal (and maybe state and local) income taxes withheld from your paycheck.

Income Taxes

Income taxes do what the name implies. They tax the money you earned. Federal income taxes are both progressive and marginal. Marginal means that there are different tax rates for different income brackets. The top earners pay a high tax rate, but only on the amount of money they have in that top bracket. Their first roughly $9,000 are taxed at the 10% rate. They pay 10% of 9,225, then 15% of $9,226 to $37,450 and so on. So if you read that someone is being taxed at the 39.6% rate, it’s not their entire income multiplied by 0.396 that they end up paying.

Adapted from: https://smartasset.com/taxes/types-of-taxes

Lesson 5 Credits

Types of Consumer Credit & Loans

Loan contracts come in all kinds of forms and with varied terms, ranging from simple promissory notes between friends and family members to more complex loans like mortgage, auto, payday and student loans.

Banks, credit unions and other people lend money for significant, but necessary items like a car, student loan or home. Other loans, like small business loans and those from the Department of Veterans Affairs, are only available to select groups of people.

Regardless of type, every loan – and its conditions for repayment – is governed by state and federal guidelines to protect consumers from unsavory practices like excessive interest rates. In addition, loan length and default terms should be clearly detailed to avoid confusion or potential legal action.

In case of default, terms of collection of the outstanding debt should clearly specify the costs involved in collecting upon the debt. This also applies to parties of promissory notes as well.

If you are in need of money for an essential item or to help make your life more manageable, it's a good thing to familiarize yourself with the kinds of credit and loans that might be available to you and the sorts of terms you can expect.

Types of Credit: Open-End & Closed-End Credit Options

The two basic categories of consumer credit are open-end and closed-end credit. Open-end credit, better known as revolving credit, can be used repeatedly for purchases that will be paid back monthly, though paying the full amount due every month is not required. The most common form of revolving credit are credit cards, but home equity loans and home equity lines of credit (HELOC) also fall in this category.

Credit cards are used for daily expenses, such as food, clothing, transportation and small home repairs. Interest charges are applied when the monthly balance is not paid in full. The interest rates on credit cards average 15 percent, but can be as low as zero percent (temporary, introductory offers) and as high as 30 percent or more, depending on the consumer's payment history and credit score.

Closed-end credit is used to finance a specific purpose for a specific period of time. They also are called installment loans because consumers are required to follow a regular payment schedule (usually monthly) that includes interest charges, until the principal is paid off.

The interest rate for installment loans varies by lender and is tied closely to the consumer's credit score. The lending institution can seize the consumer's property as compensation if the consumer defaults on the loan.

Examples of closed-end credit include:

• Mortgages
• Car loans
• Appliance loans
• Payday loans

Types of Loans

Loan types vary because each loan has a specific intended use. They can vary by length of time, by how interest rates are calculated, by when payments are due and by a number of other variables.

Student Loans

Student loans are offered to college students and their families to help cover the cost of higher education. There are two main types: federal student loans and private student loans. Federally funded loans are better, as they typically come with lower interest rates and more borrower-friendly repayment terms.

Mortgages

Mortgages are loans distributed by banks to allow consumers to buy homes they can't pay for upfront. A mortgage is tied to your home, meaning you risk foreclosure if you fall behind on payments. Mortgages have among the lowest interest rates of all loans.

Auto Loans

Like mortgages, auto loans are tied to your property. They can help you afford a vehicle, but you risk losing the car if you miss payments. This type of loan may be distributed by a bank or by the car dealership directly but you should understand that while loans from the dealership may be more convenient, they often carry higher interest rates and ultimately cost more overall.

Personal Loans

Personal loans can be used for any personal expenses and don't have a designated purpose. This makes them an attractive option for people with outstanding debts, such as credit card debt, who want to reduce their interest rates by transferring balances. Like other loans, personal loan terms depend on your credit history.

Borrowing from Friends and Family

Borrowing money from friends and relatives is an informal type of loan. This isn't always a good option, as it may strain a relationship. To protect both parties, it's a good idea to sign a basic promissory note.

Whenever you decide to borrow money – whether it is to pay the bills or buy a luxury item – make sure you understand the agreement fully. Know what type of loan you're receiving and whether it is tied to any of your belongings.

Also, familiarize yourself with your repayment terms: what your monthly obligation will be, how long you have to repay the loan and the consequences of missing a payment. If any part of the agreement is unclear to you, don't hesitate to ask for clarifications or adjustments.

Adapted from: https://www.debt.org/credit/loans/

How lenders decide whether to give you credit

When you apply for a loan or other type of credit, such as a credit card, the lender has to decide whether or not to lend to you. Creditors use different things to help them decide whether or not you are a good risk.

Credit scoring

Credit scoring is a system used by creditors to decide how much of a risk it is to lend to you. When you apply for credit, you complete an application form which tells the lender lots of things about you. Each fact about you is given points. All the points are added together to give a score. The higher your score, the more credit worthy you are. Creditors set a threshold level for credit scoring. If your score is below the threshold they may decide not to lend to you or to charge you more if they do agree to lend.

Different lenders use different systems for working out your score. They won't tell you what your score is but if you ask them, they must tell you which credit reference agency they used to get the information about you. You can then check whether the information they used is right.

What information is kept by credit reference agencies

Credit reference agencies are companies which are allowed to collect and keep information about consumers' borrowing and financial behaviour. When you apply for credit or a loan, you sign an application form which gives the lender permission to check the information on your credit reference file. Lenders use this information to make decisions about whether or not to lend to you. If a lender refuses you credit after checking your credit reference file they must tell you why credit has been refused and give you the details of the credit reference agency they used.

The credit reference agencies keep the following information:

- *The Electoral Roll.* This shows addresses you've been registered to vote at and the dates you were registered there
- Public records. This includes court judgments, bankruptcies and in England, Wales and Northern Ireland, IVAs, Debt Relief Orders and Administration Orders. In Scotland it includes decrees, sequestration orders, DAS Debt Payment Programmes and Trust Deeds
- Account information. This shows how you have managed your existing accounts such as your bank account and other borrowing. It shows lenders whether you have made payments on time
- Home repossessions. This is information from members of the Council of Mortgage Lenders about homes that have been repossessed
- Financial associations. This shows details of people you are financially connected to. For example, it includes people you've applied jointly for credit with or who you have a joint account with
- Previous searches. This shows details of companies and organisations that have looked at information on your file in the last 12 months
- Linked addresses. This shows any addresses you have lived at.

If there has been any fraud against you, for example if someone has used your identity, there may be a marker against your name to protect you. You will be able to see this on your credit file.

How long is information kept by credit reference agencies

Information about you is usually held on your file for six years. Some information may be held for longer, for example, where a court has ordered that a bankruptcy restrictions order should last more than six years.

If information is held for longer than it is supposed to be, you can ask for it to be removed.

Can you still get credit if you have a low credit score

If you have a low credit score, a lender may ask for a guarantor. A guarantor is a second person who signs a credit agreement to say they will repay the money if you don't. This can be a way you can borrow money or get credit when on your own you might not be able to.

If you are using a guarantor to borrow, they'll also have to give information about their personal details so that the creditor can check they're credit worthy. Try to pick a guarantor who is likely to have a good credit score.

The guarantor is responsible for paying the money back if you don't and they have the same rights as you under the credit agreement. For example, the guarantor should get the same information before and after signing an agreement.

If you are thinking about agreeing to be a guarantor for someone else, make sure you understand what you are agreeing to. Read all the small print in the agreement before signing it.

What you can do if you are refused credit

If you are refused credit, you may be able to do one of several things.

- Look at other ways to raise the money
- If you're having problems with your outgoings, you might be able to get help with your bills. You could also use our budgeting tool to see exactly where your money goes each month.
- If you need money for a particular reason that you can't do without, there may be other ways you can raise the money. For example, if you are on certain benefits, you may be able to get an interest free loan or a grant from the Social Fund.
- If you are on a low income and struggling to afford an essential item, such as a fridge or washing machine, you may be able to get help from a charity or other organisation that helps people.

Clean up your credit reference file

Check your credit reference file before you apply for credit or a loan so that you know whether there are any facts about you which might affect your credit score. Facts which might affect your credit rating include court judgments or a poor payment record. Get any incorrect information changed or removed and add a correction notice to explain any special circumstances.

Apply to other lenders

You need to be aware that if you apply to lots of lenders this will leave a trail on your credit reference file. This may affect your credit score as lenders may think you already have lots of borrowing or have been refused by other creditors.

If you are finding it difficult to borrow from mainstream lenders such as banks and credit card companies, check if there's a credit union in your area. Beware of borrowing from illegal money-lenders (loan sharks).

Adapted from: https://www.citizensadvice.org.uk/debt-and-money/borrowing-money/how-lenders-decide-whether-to-give-you-credit/

Lesson 6 Types of Advertising

Different Types of Advertising Methods and Media

Advertising has evolved into a vastly complex form of communication, with literally thousands of different ways for a business to get a message to the consumer. Today's advertiser has a vast array of choices at his or her disposal. The Internet alone provides many of these, with the advent of branded viral videos, banners, advertorials, sponsored websites, branded chat rooms and so much more.

Online Advertising (aka Digital)

If you see an advertisement via the Internet (World Wide Web), then it is classified as online advertising. In fact, there are ads on this very page, and most other websites you visit, as they are the primary revenue driver for the Internet. Another avenue of online advertising is "Native Advertising," which is the digital variation of the old print advertorials. And, sponsored content is growing by leaps and bounds. From ads on Facebook and SnapChat, to partnerships with Buzzfeed and Reddit, the fastest, easiest way to reach millions of potential customers is online.

Cell Phone & Mobile Advertising

A relatively new form of advertising compared to the others, but one that's dominating the media mix, uses cell phones, iPads, Kindles, Nooks, and other portable electronic devices with Internet connectivity. Current trends in mobile advertising involve major use of social media such as Twitter, Instagram, Snapchat, and Facebook.

Right now, this is the toughest nut to crack. This kind of advertising is not only disruptive, but can leave the customers with a lot of ill will. If you do it, do it right. For a while, native advertising was a good way to get into the feed, but even that has come under scrutiny for being deceptive.

Print Advertising

- Once a huge driver of sales, print is taking a back seat to the many digital forms of advertising now available to marketers. However, if there is one thing that's certain about advertising, it's that being different is good. And when consumers tire of digital ads, a return to printed pieces, and the tactile feeling and permanence they provide, is definitely on the cards. Typically, print can be split into three sub-categories:
- Periodical Advertising. If it's in a magazine, a newspaper, or anything else that comes out at regular intervals, then it's periodical advertising (aka a print ad). For decades, print ads were the gold standard for advertisers and their clients. To grab the center spread of a big magazine, or the back cover of a newspaper, meant millions of people were seeing the message.
- Brochures, Leaflets, Flyers, Handouts and Point of Sale Advertising. Although some of these can be placed within the pages of newspapers and magazines, they are treated as a separate entity (usually because they have less chance of being seen). From something that sits on a counter or customer service desk, to a glossy car brochure, this is a more intimate, and long-form, way of engaging the consumer. Use this when you have more information than you can cram into a print ad.

- Direct Mail Advertising. Either of the techniques mentioned above can be incorporated into direct mail. It simply means that your printed pieces are mailed direct to the consumer. This is a technique that has been, and continues to be, abused by inferior marketing agencies that have turned the craft into "junk mail." Done right, direct mail can be a fantastic way to engage the customer, if it is creative and intelligently conceived and executed. Do not count it out.

Guerrilla Advertising

Also known as ambient media, guerrilla advertising (or marketing) has become prominent over the last 20 years. It is a broadly used term for anything unconventional, and usually invites the consumer to participate or interact with the piece in some way. Location is important, as is timing. The driving forces behind guerrilla advertising or marketing are creative ideas and innovation, not a large budget. Quite often, you will ask for forgiveness rather than permission with these campaigns, and they will spread via word of mouth and social media.

Broadcast Advertising

A mass-market form of communication including television and radio, broadcast advertising has, until recently, been the most dominant way to reach a large number of consumers. Broadcast advertising has really taken a beating over the last few years, especially with the rise of DVRs and "ad skipping" technology. However, it is still a popular way to reach millions of people, especially when the Super Bowl comes around.

Outdoor Advertising

Also known as out-of-home (OOH) advertising, this is a broad term that describes any type of advertising that reaches the consumer when he or she is outside of the home. You will know it as billboards, bus shelter posters, fly posters, and even those big digital boards in Times Square.

Public Service Advertising

Unlike traditional commercials, Public Service Advertisements (PSA) are primarily designed to inform and educate rather than sell a product or service. PSAs traditionally appear on TV and radio, but are also being heavily promoted online these days.

Product Placement Advertising

In a nutshell, product placement is the promotion of branded goods and services within the context of a show or movie, rather than as an explicit advertisement. If you have ever seen a movie and wondered "wow, they sure are driving a lot of Ford cars in this scene," or "does everyone in this TV show drink Pepsi?" then you are noticing product placement. It's a way that these films and shows get funding, and is a great way for advertisers to reach a targeted demographic.

Adapted from: https://www.thebalance.com/different-types-of-advertising-methods-38548

False Advertising Scandals That Cost Brands Millions

Most of us have been victims of false advertising. The question is, will companies change their marketing policies, or continue to prioritize profits over the consumer's right to know?

Activia yogurt

Dannon's popular Activia brand yogurt lured consumers into paying more for its purported nutritional benefits -- when it was actually pretty much the same as every other kind of yogurt.

Falsely touting the "clinically" and "scientifically" proven nutritional benefits of the product, Dannon even got a famous spokesperson, Jamie Lee Curtis, for the supposed digestion-regulator. But after a while, some customers didn't buy it.

A class action settlement last year forced Dannon to pay up to $45 million in damages to the consumers that filed the lawsuit and others who said they'd been bamboozled. The company also had to limit its health claims on its products strictly to factual ones.

Definity eye cream by Olay

In 2009, an Olay ad for its Definity eye cream showed former model Twiggy looking wrinkle-free -- and a whole lot younger than her years (she turns 62 next week). Turns out the ads were retouched.

British lawmakers yanked digitally altered spots, citing not only a gross misrepresentation of products, but the ad's potentially negative impact on people's body images.

New Balance

A New Balance sneaker that reportedly helped users burn calories were called out when studies did not find any boosted health benefits from wearing the shoe.

The toning sneaker, claimed to use hidden board technology, were advertised as calorie burners that activated the glutes, quads, hamstrings and calves. Plaintiffs discovered that the shoe was instead an injury hazard, without any secret technology, and are seeking $5 million in compensation. The sneakers cost about $100.

Kashi

Despite claims to the contrary, Kashi Company's "All Natural" products were chock full of "almost entirely synthetic and unnaturally processed ingredients," according to to the class action lawsuit filed against them. In fact, ingredients that are considered prescription drugs and federally-classified hazardous substances were found to be the primary ingredients in the so called "natural" foods.

The lawsuit, on behalf a proposed class of all U.S. consumers, says that Kashi put the all-natural labels on their foods even though they knew the claim to be false. For example, Kashi GoLean shakes are composed almost entirely of unnatural processed ingredients.

Eclipse gum

Eclipse gum claimed that its new ingredient, magnolia bark extract, had germ-killing properties. Businessweek reports:

Consumers sued Wrigley [in 2009] in federal court arguing the subsidiary of privately held Mars Inc. made misleading advertising claims about the germ-killing properties of Eclipse.

As part of the settlement, Wrigley will change how it markets and labels its gum. It agreed to pay $6 million to $7 million to a fund that will reimburse consumers up to $10 each for the product and cover other costs of the settlement, according to the law firms Blood Hurst & O'Reardon and Robbins Geller Rudman & Dowd.

Classmates.com

Millions of people lit up when Classmates.com sent them an email saying old friends were trying to contact them, promising to rekindle old friendships and flames if subscribers upgraded to a "Gold" membership.

But even with an upgrade, the expected reunions never came. Turns out the social networking site used the ploy to get users to pony up extra dollars. In 2008, one miffed user filed suit alleging the "deceptive" emails were false advertising.

He eventually bested the website, which agreed to pay out a $9.5 million settlement -- $3 for every subscriber who fell for the dirty trick -- to resolve the case.

Adapted from: http://www.businessinsider.com/false-advertising-scandals-2011-9?op=1/#tivia-yogurt-1

Lesson 7. Marketing

The Marketing Mix and the 4Ps of Marketing

What are the 4Ps of Marketing?

The 4Ps of marketing is a model for enhancing the components of your 'marketing mix' – the way in which you take a new product or service to market. It helps you to define your marketing options in terms of price, product, promotion, and place so that your offering meets a specific customer need or demand.

What is marketing? The definition that many marketers learn as they start out in the industry is: Putting the right product in the right place, at the right price, at the right time.

It's simple! You just need to create a product that a particular group of people want, put it on sale some place that those same people visit regularly, and price it at a level which matches the value they feel they get out of it; and do all that at a time they want to buy. Then you've got it made!

There's a lot of truth in this idea. However, a lot of hard work needs to go into finding out what customers want, and identifying where they do their shopping. Then you need to figure out how to produce the item at a price that represents value to them, and get it all to come together at the critical time.

But if you get just one element wrong, it can spell disaster. You could be left promoting a car with amazing fuel-economy in a country where fuel is very cheap; or publishing a textbook after the start of the new school year, or selling an item at a price that's too high – or too low – to attract the people you're targeting.

The marketing mix is a good place to start when you are thinking through your plans for a product or service, and it helps you avoid these kinds of mistakes.

Understanding the Tool

The marketing mix and the 4Ps of marketing are often used as synonyms for each other. In fact, they are not necessarily the same thing.

"Marketing mix" is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market. The 4Ps is one way – probably the best-known way – of defining the marketing mix, and was first expressed in 1960 by E J McCarthy.

The 4Ps are:

- Product (or Service).
- Place.
- Price.
- Promotion.

A good way to understand the 4Ps is by the questions that you need to ask to define your marketing mix. Here are some questions that will help you understand and define each of the four elements:

Product/Service

What does the customer want from the product Add to My Personal Learning Plan/service? What needs does it satisfy?

- What features does it have to meet these needs?

- Are there any features you've missed out?
- Are you including costly features that the customer won't actually use?
- How and where will the customer use it?
- What does it look like? How will customers experience it?
- What size(s), color(s), and so on, should it be?
- What is it to be called?
- How is it branded?
- How is it differentiated versus your competitors?

What is the most it can cost to provide, and still be sold sufficiently profitably? (See also Price, below).

Place

- Where do buyers look for your product or service?
- If they look in a store, what kind? A specialist boutique or in a supermarket, or both? Or online? Or direct, via a catalogue?
- How can you access the right distribution channels?
- Do you need to use a sales force? Or attend trade fairs? Or make online submissions? Or send samples to catalogue companies?
- What do your competitors Add to My Personal Learning Plan do, and how can you learn from that and/or differentiate?

Price

- What is the value of the product or service to the buyer?
- Are there established price points Add to My Personal Learning Plan for products or services in this area?
- Is the customer price sensitive? Will a small decrease in price gain you extra market share? Or will a small increase be indiscernible, and so gain you extra profit margin?
- What discounts should be offered to trade customers, or to other specific segments Add to My Personal Learning Plan of your market?
- How will your price compare with your competitors?

Promotion

- Where and when can you get across your marketing messages to your target market?
- Will you reach your audience by advertising online, in the press, or on TV, or radio, or on billboards? By using direct marketing mailshot? Through PR? On the Internet?
- When is the best time to promote? Is there seasonality in the market? Are there any wider environmental issues that suggest or dictate the timing of your market launch, or the timing of subsequent promotions?
- How do your competitors do their promotions? And how does that influence your choice of promotional activity?

As the four Ps all need to be considered in relation to each other, it doesn't really matter in what order you define them. This is why you may find them quoted in a different order from the one used above. In particular, they're often referred to in the order "place, price, product, promotion."

The 4Ps of marketing is just one of many lists that have been developed over the years. And, whilst the questions we have listed above are key, they are just a subset of the detailed probing that may be required to optimize your marketing mix.

Amongst the other models that have been developed over the years is Boom and Bitner's 7Ps, sometimes called the extended marketing mix, which include the first 4Ps, plus people, processes and physical layout decisions.

Another approach is Lauterborn's 4Cs, which presents the elements of the marketing mix from the buyer's, rather than the seller's, perspective. It is made up of Customer needs and wants (the equivalent of product), Cost (price), Convenience (place) and Communication (promotion). In this article, we focus on the 4Ps model as it is the most well-recognized, and contains the core elements of a good marketing mix.

Using the 4Ps of Marketing

The model can be used to help you decide how to take a new offer to market. It can also be used to test your existing marketing strategy Add to My Personal Learning Plan. Whether you are considering a new or existing offer, follow the steps below help you define and improve your marketing mix.

Start by identifying the product or service that you want to analyze.

Now go through and answer the 4Ps questions – as defined in detail above.

Try asking "why" and "what if" questions too, to challenge your offer. For example, ask why your target audience needs a particular feature. What if you drop your price by 5%? What if you offer more colors? Why sell through wholesalers rather than direct channels? What if you improve PR rather than rely on online advertising?

Once you have a well-defined marketing mix, try "testing" the overall offer from the customer's perspective, by asking customer focused questions:

- Does it meet their needs? (product)
- Will they find it where they shop? (place)
- Will they consider it's priced favorably? (price)
- And will the marketing communications reach them? (promotion)

Keep on asking questions and making changes to your mix until you are satisfied that you have optimized your marketing mix, given the information and facts and figures you have available.

Review your marketing mix regularly, as some elements will need to change as the product or service, and its market grow, mature and adapt in an ever-changing competitive environment.

Adapted from: https://www.mindtools.com/pages/article/newSTR_94.htm

Marketing Research Process: 9 Stages to Marketing Research Success

I talked earlier about 20 different types of marketing research studies. Once you've selected one that you find interesting ask yourself two questions: first, how can you conduct your own marketing research for this study?

And second, what are the basic steps you need to follow in order to complete your project?

In this post, I will show you the steps of conducting a marketing research project. While these stages are presented in order, you can be creative and adapt the stages to meet your business needs. Some stages can be completed in parallel to speed the project as it begins to develop.

Stage 1: Formulating the Marketing Research Problem

Formulating a problem is the first step in the research process. In many ways, research starts with a problem that management is facing. This problem needs to be understood, the cause diagnosed, and solutions developed.

However, most management problems are not always easy to research. A management problem must first be translated into a research problem. Once you approach the problem from a research angle, you can find a solution. For example, "sales are not growing" is a management problem.

Translated into a research problem, we may examine the expectations and experiences of several groups: potential customers, first-time buyers, and repeat purchasers. We will determine if the lack of sales is due to:

- Poor expectations that lead to a general lack of desire to buy, or
- Poor performance experience and a lack of desire to repurchase.

What then is the difference between a management problem and a research problem? Management problems focus on an action. Do we advertise more? Do we change our advertising message? Do we change an under-performing product configuration?

Research problems, on the other hand, focus on providing the information you need in order to solve the management problem.

Click here to learn specifically how to formulate the research problem.

Stage 2: Method of Inquiry

The scientific method is the standard pattern for investigation. It provides an opportunity for you to use existing knowledge as a starting point and proceed impartially.

The scientific method includes the following steps:

- Formulate a problem
- Develop a hypothesis
- Make predictions based on the hypothesis
- Devise a test of the hypothesis
- Conduct the test
- Analyze the results

The terminology is similar to the stages in the research process. However, there are subtle differences in the way the steps are performed. For example, the scientific method is objective while the research process can be subjective.

Objective-based research (quantitative research) relies on impartial analysis.

The facts are the priority in objective research. On the other hand, subjective-based research (qualitative research) emphasizes personal judgment as you collect and analyze data.

Stage 3: Research Method

In addition to selecting a method of inquiry (objective or subjective), you must select a research method.

There are two primary methodologies that can be used to answer any research question: experimental research and non-experimental research.

Experimental research gives you the advantage of controlling extraneous variables and manipulating one or more variables that influences the process being implemented. Non-experimental research allows observation but not intervention.

You simply observe and report on your findings.

Stage 4: Research Design

The research design is a plan or framework for conducting the study and collecting data. It is defined as the specific methods and procedures you use to acquire the information you need.

Stage 5: Data Collection Techniques

Your research design will develop as you select techniques to use. There are many ways to collect data. Two important methods to consider are interviews and observation.

Interviews require you to ask questions and receive responses.

Common modes of research communication include interviews conducted face-to-face, by mail, by telephone, by email, or over the Internet. This broad category of research techniques is known as survey research.

These techniques are used in both non-experimental research and experimental research.

Another way to collect data is by observation. Observing a person's or company's past or present behavior can predict future purchasing decisions. Data collection techniques for past behavior can include analyzing company records and reviewing studies published by external sources.

In order to analyze information from interview or observation techniques, you must record your results. Because the recorded results are vital, measurement and development are closely linked to which data collection techniques you decide on.

The way you record the data changes depends on which method you use.

Stage 6: Sample Design

Your marketing research project will rarely examine an entire population. It's more practical to use a sample—a smaller but accurate representation of the greater population. In order to design your sample, you must find answers to these questions:

- From which base population is the sample to be selected?
- What is the method (process) for sample selection?
- What is the size of the sample?

Once you've established who the relevant population is (completed in the problem formulation stage), you have a base for your sample. This will allow you to make inferences about a larger population. There are two methods of selecting a sample from a population: probability or non-probability sampling.

The probability method relies on a random sampling of everyone within the larger population.

Non- probability is based in part on the judgment of the investigator, and often employs convenience samples, or by other sampling methods that do not rely on probability.

The final stage of the sample design involves determining the appropriate sample size. This important step involves cost and accuracy decisions. Larger samples generally reduce sampling error and increase accuracy, but also increase costs.

Stage 7: Data Collection

Once you've established the first six stages, you can move on to data collection.

Depending on the mode of data collection, this part of the process can require large amounts of personnel and a significant portion of your budget. Personal (face-to-face) and telephone interviews may require you to use a data collection agency (field service).

Internet surveys require fewer personnel, are lower cost, and can be completed in days rather than weeks or months.

Regardless of the mode of data collection, the data collection process introduces another essential element to your research project: the importance of clear and constant communication.

Stage 8: Analysis and Interpretation

In order for data to be useful, you must analyze it.

Analysis techniques vary and their effectiveness depends on the types of information you are collecting, and the type of measurements you are using. Because they are dependent on the data collection, analysis techniques should be decided before this step.

Stage 9: The Marketing Research Report

The marketing research process culminates with the research report.

This report will include all of your information, including an accurate description of your research process, the results, conclusions, and recommended courses of action. The report should provide all the information the decision maker needs to understand the project.

It should also be written in language that is easy to understand. It's important to find a balance between completeness and conciseness. You don't want to leave any information out; however, you can't let the information get so technical that it overwhelms the reading audience.

One approach to resolving this conflict is to prepare two reports: the technical report and the summary report. The technical report discusses the methods and the underlying assumptions. In this document, you discuss the detailed findings of the research project.

The summary report, as its name implies, summarizes the research process and presents the findings and conclusions as simply as possible.

Another way to keep your findings clear is to prepare several different representations of your findings. PowerPoint presentations, graphs, and face-to-face reports are all common methods for presenting your information.

Along with the written report for reference, these alternative presentations will allow the decision maker to understand all aspects of the project.

Resource Planning for Your Study

As you are developing your study, you have to account for the expenditure of your resources: personnel, time, and money. Resource plans need to be worked out with the decision maker and will range from very formal budgeting and approval processes to a very informal “Go ahead and do it”.

Before you can start the research project, you should get yourself organized and prepare a budget and time schedule for the major activities in the study. Microsoft Project and similar programs are good resources for breaking down your tasks and resources.

Have fun with your next research project! These 9 stages should help you out immensely.

Adapted from: https://www.qualtrics.com/blog/marketing-research-process/

Lesson 8. Personal Budgeting

5 Personal Budgeting Tips For Those Who Hate Budgets

Do you love to budget? Do you look forward to planning out your budget for the next month? Do you brag to your friends about your budget?

But you still want to save money and be frugal, right? It's a conundrum a lot of people face, since the best way to save money is to have a budget that you stick to. For those of you who don't have the time, energy or inclination to keep track of every single penny you spend, don't worry. I've compiled a list of budget alternatives that can still help you keep a handle on your finances.

1.The Envelope System

What's the envelope system? This is not a systematic budget where you need to track every single penny. This is a simpler and powerful way to manage your money more effectively. You do, however, need to be responsible with your spending.

Here's a simple summary of how the envelope system works:

Keep a few envelopes in your room.

Label each envelope as a spending category (e.g., entertainment, grocery shopping and eating out, clothing)

Put a set amount of money from every paycheck in each envelope. Try to be as realistic as possible. Most of us will easily spend more than $100 every two weeks on food or entertainment.

Do not spend any more in that category when the envelope is empty; you're done until can you refill the envelope with a portion of your next paycheck. If you blow your entertainment allotment in three days, then you're clearly not being realistic. The point of this strategy is to passively track where your money goes. For instance, my food envelope never lasts as long as it should!

You can also utilize the envelop budgeting system with an online tool called Mvelopes.

2. Set Up Different Accounts

This pseudo-budgeting system is fairly straightforward: Open a checking account that's just for paying bills, a checking account that's for living expenses, a savings account that's a nest egg for your future house or kids' college funds, a savings account that's for fun stuff like vacation or concerts, or whatever you want to have an account for. Then divide up your paycheck each month into the various accounts.

Every week, I try to put $20 toward my vacation account. This works for me personally because twenty bucks a week isn't that much. Yet at the end of the year, there's around $1,000 in this account. Nice! Get the sunscreen ready and ditch the snow. Sub-accounts provide the visual motivation I need to stay on track.

If you'd rather not set up separate checking or savings accounts, Capital One 360 gives you the ability to easily set up sub savings accounts within your main account.

3. Use Your Credit Card

If you're free of debt, and responsible with credit card use, your credit card can be an excellent tool when it comes to tracking your spending. For one month, use it for all your purchases, then at the end of the month, print your monthly credit card balance and track where you spend your money. Once you see where you spend your money, you can slowly work on improving your problem areas. Bonus? Most credit card companies offer cash back rewards or other incentives, so if you can pay off your balance each month, you can actually earn more money. Chase Freedom and Discover it are two good ones. If you are in a grave amount of credit card debt, or have trouble paying off your balance each month, this solution is not for you.

4. Shoot For Small Victories

You don’t need to budget every purchase. However, it does help to set smaller goals. For instance, slowly save for that new smartphone you want. Instead of crashing your budget in one month, plan ahead for the purchase over a few months. If you wait until you have the money in your bank account and feel as though you earned the purchase, you will have tangible evidence that the savings process is worthwhile. These small victories will get you started in the world of sound money management and will ultimately help you to reach your long term financial goals.

5. Reward Yourself

I don’t know about you guys, but I love rewarding myself. A reward can be something as simple as eating out every Friday evening or treating yourself to a vacation once a year. You should enjoy the fruits of your labor and pat yourself on the back for setting goals and reaching them. That doesn’t sound too painful, does it?

I hope this has helped provide some budget-alternatives. How do you save money without following a strict budget? Share some of your tricks in the comments below.

Adapted from: http://www.moneycrashers.com/personal-budgeting-tips-hate-budgets/

7 Simple and Free Budgeting Tools

For many, the New Year arrived with a resolution to finally start keeping a budget. And why not? Creating a budget – and sticking to it – are key first steps toward reaching financial goals large and small. Unfortunately, it's easy to get overwhelmed by the complexity of creating and keeping a detailed budget, not to mention the time required. Before you've finished calculating your income, resolve has faded, and your budget remains a good idea you'll get to someday.

The good news is that a budget doesn't have to be complicated, and there are plenty of free tools and resources to help you get started and keep going.

1. A Simple Notebook

We've discussed a spending notebook previously, and whatever budgeting tool you ultimately use, the notebook method or another way to easily and reliably track your expenses should be your first move. You can't fill out a new budget with a bunch of guesses, after all. After a month of tracking all your expenses (all of them!), you'll have a clear picture of where your money's going, and you'll have most of the key details to plug into your "official" budget.

2. Envelopes

This is Dave Ramsey's preferred method of household budgeting. Once you've figured out your budget categories and target amounts with your spending notebook, you label a bunch of envelopes and fill them with the appropriate amount of cash. The benefit here is that you aren't using credit (which Ramsey argues against), and by spending cash, you're much closer to your money – you literally feel it slipping through your fingers with every purchase. Note that you don't need an envelope for every expense category – just those that tend to get away from you, such as food or entertainment.

3. An Excel Spreadsheet

This is free if you already have Microsoft Excel installed on your computer. Microsoft provides several simple budget templates, and if you're familiar with Excel, they're easy to use. For a truly free alternative, try a budget template for Google Sheets. This option is for those who don't mind wrangling spreadsheets and entering data manually. Maintaining a spreadsheet budget does require more time than some of the other options here, but many experts believe the extra effort helps you have a better understanding of your money, which makes it easier to develop better habits.

4. Mint

Mint may be the most well-known of the Internet- and smartphone-based budgeting applications – and for good reason. Once you've entered basic information such as banking, credit and investment accounts, Mint begins automatically tracking your money. The default categories are sufficient for most people, and you can add your own. The built-in goal-setting tools are robust and easy to use, and since it's owned by Intuit, your data feeds right into TurboTax at tax time.

5. PearBudget

PearBudget began as a cool Excel spreadsheet (which is still available for free), and has now become a Web app. Setup is simple, with a few dozen common expense categories to choose from, and it's all easy to change later if you need to. You won't find many of Mint's automated bells and whistles here – income and expenses are entered manually – but you do get some goal-setting and planning tools. Note that after a 30-day trial, PearBudget costs $4.95 a month.

6. Level Money

Level Money is like the envelope system stuffed into a smartphone. After you set up some spending and savings goals, the app lets you know what you can spend each month, week and day. A quick glance at your screen (after ringing up your morning latte perhaps) shows how much you have left to spend to stay on track. Level Money connects to your bank accounts and estimates your income and spending habits automatically. It also adjusts your spendable cash based on goals you set.

7. GnuCash

GnuCash earns a mention here because it's free and because it's available on the Linux operating system as well as Windows and OSX. Because it is based on double-entry bookkeeping, it is suitable for both home and small business use. You can use it to track income and spending, as well as bank, investment and retirement accounts. Users can input account details manually or download and import OFX files provided by most banks. This is a serious accounting tool, but it's simple enough for most home users willing to give it a try.

Adapted from: http://money.usnews.com/money/blogs/my-money/2015/01/14/7-simple-and-free-budgeting-tools

Lesson 9. Economic indicators

List of Economic Indicators

Most economists talk about where the economy is headed – it's what they do. But in case you haven't noticed, many of their predictions are wrong. For example, Ben Bernanke (head of the Federal Reserve) made a prediction in 2007 that the United States was not headed into a recession. He further claimed that the stock and housing markets would be as strong as ever. As we know now, he was wrong.

Because the pundits' predictions are often unreliable – purposefully so or not – it is important to develop your own understanding of the economy and the factors shaping it. Paying attention to economic indicators can give you an idea of where the economy is headed so you can plan your finances and even your career accordingly.

Leading Indicators

Because leading indicators have the potential to forecast where an economy is headed, fiscal policymakers and governments make use of them to implement or alter programs in order to ward off a recession or other negative economic events. The top leading indicators follow below:

1. Stock Market

Though the stock market is not the most important indicator, it's the one that most people look to first. Because stock prices are based in part on what companies are expected to earn, the market can indicate the economy's direction if earnings estimates are accurate.

For example, a strong market may suggest that earnings estimates are up and therefore that the overall economy is preparing to thrive. Conversely, a down market may indicate that company earnings are expected to decrease and that the economy is headed toward a recession.

However, there are inherent flaws to relying on the stock market as a leading indicator. First, earnings estimates can be wrong. Second, the stock market is vulnerable to manipulation. For example, the government and Federal Reserve have used quantitative easing, federal stimulus money, and other strategies to keep markets high in order to keep the public from panicking in the event of an economic crisis.

Moreover, Wall Street traders and corporations can manipulate numbers to inflate stocks via high-volume trades, complex financial derivative strategies, and creative accounting principles (legal and illegal). Since individual stocks and the overall market can be manipulated as such, a stock or index price is not necessarily a reflection of its true underlying strength or value.

Finally, the stock market is also susceptible to the creation of "bubbles," which may give a false positive regarding the market's direction. Market bubbles are created when investors ignore underlying economic indicators, and mere exuberance leads to unsupported increases in price levels. This can create a "perfect storm" for a market correction, which we saw when the market crashed in 2008 as a result of overvalued subprime loans and credit default swaps.

2. Manufacturing Activity

Manufacturing activity is another indicator of the state of the economy. This influences the GDP (gross domestic product) strongly; an increase in which suggests more demand for consumer goods and, in turn, a healthy economy. Moreover, since workers are required to manufacture new goods, increases in manufacturing activity also boost employment and possibly wages as well.

However, increases in manufacturing activity can also be misleading. For example, sometimes the goods produced do not make it to the end consumer. They may sit in wholesale or retailer inventory for a while, which increases the cost of holding the assets. Therefore, when looking at manufacturing data, it is also important to look at retail sales data. If both are on the rise, it indicates there is heightened demand for consumer goods. However, it's also important to look at inventory levels, which we'll discuss next.

3. Inventory Levels

High inventory levels can reflect two very different things: either that demand for inventory is expected to increase or that there is a current lack of demand.

In the first scenario, businesses purposely bulk up inventory to prepare for increased consumption in the coming months. If consumer activity increases as expected, businesses with high inventory can meet the demand and thereby increase their profit. Both are good things for the economy.

In the second scenario, however, high inventories reflect that company supplies exceed demand. Not only does this cost companies money, but it indicates that retail sales and consumer confidence are both down, which further suggests that tough times are ahead.

4. Retail Sales

Retail sales are particularly important metrics and function hand in hand with inventory levels and manufacturing activity. Most importantly, strong retail sales directly increase GDP, which also strengthens the home currency. When sales improve, companies can hire more employees to sell and manufacture more product, which in turn puts more money back in the pockets of consumers.

One downside to this metric, though, is that it doesn't account for how people pay for their purchases. For example, if consumers go into debt to acquire goods, it could signal an impending recession if the debt becomes too steep to pay off. However, in general, an increase in retail sales indicates an improving economy.

5. Building Permits

Building permits offer foresight into future real estate supply levels. A high volume indicates the construction industry will be active, which forecasts more jobs and, again, an increase in GDP.

But just like with inventory levels, if more houses are built than consumers are willing to buy, it takes away from the builder's bottom line. To compensate, housing prices are likely to decline, which, in turn, devalues the entire real estate market and not just "new" homes.

6. Housing Market

A decline in housing prices can suggest that supply exceeds demand, that existing prices are unaffordable, and/or that housing prices are inflated and need to correct as a result of a housing bubble.

In any scenario, declines in housing have a negative impact on the economy for several key reasons:

- They decrease homeowner wealth.
- They reduce the number of construction jobs needed to build new homes, which thereby increases unemployment.
- They reduce property taxes, which limits government resources.

Homeowners are less able to refinance or sell their homes, which may force them into foreclosure.

When you look at housing data, look at two things: changes in housing values and changes in sales. When sales decline, it generally indicates that values will also drop. For example, the collapse of the housing bubble in 2007 had dire effects on the economy and is widely blamed for driving the United States into a recession.

7. Level of New Business Startups

The number of new businesses entering the economy is another indicator of economic health. In fact, some have claimed that small businesses hire more employees than larger corporations and, thereby, contribute more to addressing unemployment.

Moreover, small businesses can contribute significantly to GDP, and they introduce innovative ideas and products that stimulate growth. Therefore, increases in small businesses are an extremely important indicator of the economic well-being of any capitalist nation.

http://www.moneycrashers.com/leading-lagging-economic-indicators/

4 Key Indicators That Move The Markets By Brian Perry

Every week, dozens of economic surveys and indicators are released and reported on in the business news. In fact, there are so many - and the data often makes such small moves - that it can be easy to overlook the importance of this data on the markets. However, as an educated investor, it's important to keep your finger on the pulse of the economy, and indicators are an important way to do that. This article will examine some of the most important economic and market indicators for investors to monitor. Get to know them, and you'll be better prepared to anticipate and react to future market developments.

Employment

Perhaps the most important indicator of the health of the economy is employment. On the first Friday of each month, the U.S. Bureau of Labor and Statistics releases its monthly unemployment report and nonfarm payroll; these indicate the current unemployment rate and how many jobs have been gained or lost by the U.S. economy, respectively. Market participants eagerly await these reports, and they often result in some of the biggest one-day movements in both bond and stock markets. The employee situation report also influences other important indicators, such as consumer confidence and consumer sentiment.

Because consumers make up nearly 70% of U.S. economic activity, the state of the labor market is of paramount importance to the overall well-being of the economy. This means that a weakening or strengthening labor market can influence the economy. For example, a weakening labor market often translates into lower corporate profits. The basic premise is that when people are out of work, they cannot buy homes or make the necessary purchases that drive corporate profits.

Inflation

The mandate of the Federal Reserve is to promote economic growth and price stability in the economy. Price stability is measured as the rate of change in inflation, so market participants eagerly monitor monthly inflation reports in order to determine the future course of Federal Reserve monetary policy.

There are many indicators of inflation, but perhaps most widely known is the Consumer Price Index, or CPI. The CPI measures the change in consumer prices and theoretically determines to what extent life is getting more expensive for the average consumer. Another important measure is the Producer Price Index, or PPI. PPI fluctuations measure the rate of change in inflation for producer goods; if these prices increase substantially, it is more likely that companies will eventually pass the price increases along to consumers. Many economists and market participants prefer to analyze both CPI and PPI without the impact of food and energy, as these industries are known to be very volatile.

Market participants also keep track of the price of key commodities such as oil. Since oil is such a key component of economic activity around the globe, its price is worth paying special attention to. Increases in the price of oil can sometimes have offsetting effects. However, higher oil prices can lead to higher prices for a wide variety of goods because oil is part of many materials as well as a determinate in the cost of transporting goods waiting to be sold. (For more on inflation and the economy, see The Importance Of Inflation And GDP.)

Inflation is a useful metric of corporate valuation because the discount rate to perform discounted cash flow analysis factors is the rate of inflation. Higher inflation corresponds with a high discount rate and subsequently lower project value. On the other hand, deflation is also dangerous because decreased revenue means future layoffs for firms that cannot maintain their full workforce.

Consumer Activity

Changes in the activity level of consumers have a direct impact on corporate profits and the level of stock prices. There are several ways of measuring consumer activity. (What people buy and where they shop can provide valuable information about the economy. To learn more, see Using Consumer Spending As A Market Indicator.)

One of the most popular ways is to measure consumer confidence. There are several measures of consumer confidence; all are designed to determine how consumers feel about their economic prospects in the coming months. The theory is that when consumers feel more confident, they are more likely to spend; conversely, they are less likely to spend when they feel less confident. Also, because markets are forward looking, there is a tendency for stock prices to reflect the future opinions of consumers today. Another measure of the consumer is retail sales. While consumer confidence is forward looking, retail sales indicators reveal historic shopping patterns. (For more insight, read Understanding The Consumer Confidence Index.)

The housing market serves as another vital economic indicator. Although housing is highly localized and difficult to measure on a national basis, there are several indicators that do a reasonable job. Market participants pay attention to monthly releases such as housing starts, building permits and new home sales in order to get a reading on the level of activity in the housing market. Market watchers also monitor price changes through a variety of indicators such as the S&P/Case-Shiller Home Price Index which monitors home price changes in 20 large American cities. By synthesizing a variety of housing reports, market participants can deduce whether or not people are willing to make large purchases.

Investor Activity

In addition to economic indicators, market participants focus closely on measures of investor activity for market clues. Despite popular belief, the best time to invest is not when everyone is bullish but instead when most investors are bearish. If everyone else is bullish, there is no one left to buy and drive prices higher - but this does, of course, depend on your investment strategy. Therefore, readings of investor sentiment are important. A variety of indicators are available. Some are published by large investment firms or research firms, which periodically poll their clients to determine market consensus.

As overseas investors have become increasingly important participants in the U.S. financial markets, measures of their activities have garnered more attention. One of the most closely watched reports focuses the purchase of U.S. Treasuries by foreign central banks. When central banks are buying more Treasuries, interest rates often head lower – when rates are lower, stock prices tend to move higher. The reverse – less buying, higher interest rates and depressed stock prices – also tends to hold true.

Other important market indicators include advance/decline ratios and the number of new highs and new lows in the market. These readings indicate how healthy the overall stock market is and can provide confirmation as to the "quality" of a stock market advance or decline.

The Bottom Line

Knowing what economic and market indicators move markets is only half the battle; the real trick is interpreting the indicators and determining their likely market impact. In addition to the absolute level of an indicator, two other important factors to consider are the trend in the indicator and the market's expectation for that indicator. Taken together, these often determine the market's reaction to a given economic or market report. Learning to anticipate the market's reaction to various indicators requires careful monitoring of financial markets as well as experience interpreting these reports. As with most aspects of investing, hard work and persistence will help an investor determine the likely reaction to economic and market data.

Adapted from: http://www.investopedia.com/articles/fundamental-analysis/10/indicators-that-move-the-market.asp#ixzz4Q075sIiw

Lesson 10 Business entities

Types of Business Ownership

There are basically three types or forms of business ownership structures for new small businesses:

Sole Proprietorship: A business owned and operated by a single individual — and the most common form of business structure in the U.S. The advantages with a sole proprietorship include ease and cost of formation — simply announcing you are in business and requesting any licenses and permits you may need; use of profits — since all profits from the business belong exclusively to you, the owner; flexibility and control — you make all the decisions and direct the entire business operations; very little government regulations; secrecy; and ease of ending the business. There are disadvantages, however, including unlimited liability — all business debts are personal debts, meaning you could lose everything you own if the business fails or loses a major lawsuit; limited sources of financing — based on your creditworthiness; limited skills — the sole proprietor really must be a "jack-of-all-trades," part manager, marketer, accountant, etc.; and limited lifespan — the business ends when the owner dies.

Partnership: A business that is owned and operated by two or more people — and the least used form of business organization in the U.S. There are two basics forms of partnerships, general and limited. In a general partnership, all partners have unlimited liability, while in a limited partnership, at least one partner has liability limited only to his or her investment while at least one other partner has full liability. Most states require a legal document called the "Articles of Partnership" that delineates details about each partner's investment and role in the new company. The advantages of a partnership include ease of organization — simply creating the articles of partnership; combined knowledge and skills — using the strengths of each partner for better business decision-making; greater availability of financing; and very little government regulations. There are disadvantages, however, including unlimited liability — all business debts are personal debts; reconciling partner disagreements and action — each partner is responsible for the actions of all the others; sharing of profits — all money earned has to be shared and distributed to the partners per the articles of partnership; and limited lifespan — the partnership ends when a partner dies or withdraws.

Private Corporation: A business that is a legal entity created by the state whose assets and liabilities are separate from its owners. While there are also public corporations — who stock (and ownership) are traded on a public stock exchange — most small businesses are (or at least start as) private corporations. A private corporation is owned by a small group of people who are typically involved in managing the business. Forming a corporation requires developing a legal document called the "Articles of Incorporation" and submitting them to the state in which the corporation wishes to reside. Advantages of a corporation include limited liability — an owner (stockholder) can only lose up to the amount s/he invested; unlimited lifespan — a corporation is charted to last forever unless its articles of incorporation state otherwise; great sources of funding; and ease of transfer of ownership.

Disadvantages include double taxation — the corporation, as a legal entity, must pay taxes, and then shareholders also pay taxes on any dividends received.

Two other types of ownership of interest to entrepreneurs include:

Corporation: A form of ownership that is the best of both partnerships and corporations. Owners have limited liability, greater credibility (for obtaining financing), and no double taxation as all profits pass directly to the owners and the corporation pays no taxes. There are, however, restrictions on the number and type of shareholders.

Limited Liability Company (LLC): A form of ownership growing in popularity in the U.S. that provides limited liability and is taxed as a partnership or sole proprietorship (depending on the number of members). This type of business formation — formed by submitting articles of organization to the state in which the company resides — is growing rapidly because it is flexible, simple to run, and does not require all the paperwork of corporations.

Adapted from: https://www.livecareer.com/quintessential/business-plan-tutorial/business-ownership

Picking Your Company's Ownership Structure

When you start a business, you must decide whether it will be a sole proprietorship, partnership, corporation or limited liability company (LLC). (If you need a brief explanation of the main business types, see: “Types of Ownership Structures“.)

Which of these forms is right for your business depends on the type of business you run, how many owners it has and its financial situation. No one choice suits every business: Business owners have to pick the structure that best meets their needs. This article introduces several of the most important factors to consider, including:

- the potential risks and liabilities of your business
- the formalities and expenses involved in establishing and maintaining the various business structures
- your income tax situation, and
- your investment needs.

Risks And Liabilities

In large part, the best ownership structure for your business depends on the type of services or products it will provide. If your business will engage in risky activities–for example, trading stocks or repairing roofs–you’ll almost surely want to form a business entity that provides personal liability protection (“limited liability”), which shields your personal assets from business debts and claims. A corporation or a limited liability company (LLC) is probably the best choice for you.

To learn more about the advantages and disadvantages of each type of business structure, see Ways to Organize Your Business, a chart that compares the pros and cons of each.

Formalities And Expenses

Sole proprietorships and partnerships are easy to set up–you don't have to file any special forms or pay any fees to start your business. Plus, you don't have to follow any special operating rules.

LLCs and corporations, on the other hand, are almost always more expensive to create and more difficult to maintain. To form an LLC or corporation, you must file a document with the state and pay a fee, which ranges from about $40 to $800, depending on the state where you form your business. In addition, owners of corporations and LLCs must elect officers (usually, a president, vice president and secretary) to run the company. They also have to keep records of important business decisions and follow other formalities.

If you're starting your business on a shoestring, it might make the sense to form the simplest type of business–a sole proprietorship (for one-owner businesses) or a partnership (for businesses with more than one owner). Unless yours will be a particularly risky business, the limited personal liability provided by an LLC or a corporation may not be worth the cost and paperwork required to create and run one.

Income Taxes

Owners of sole proprietorships, partnerships and LLCs all pay taxes on business profits in the same way. These three business types are "pass-through" tax entities, which means that all of the profits and losses pass through the business to the owners, who report their share of the profits (or deduct their share of the losses) on their personal income tax returns. Therefore, sole proprietors, partners and LLC owners can count on about the same amount of tax complexity, paperwork and costs.

Owners of these unincorporated businesses must pay income taxes on all net profits of the business, regardless of how much they actually take out of the business each year. Even if all of the profits are kept in the business checking account to meet upcoming business expenses, the owners must report their share of these profits as income on their tax returns.

In contrast, the owners of a corporation do not report their shares of corporate profits on their personal tax returns. The owners pay taxes only on profits they actually receive in the form of salaries, bonuses and dividends.

The corporation itself pays taxes, at special corporate tax rates, on any profits that are left in the company from year to year (called "retained earnings"). Corporations also have to pay profits on dividends paid out to shareholders, but this rarely affects small corporations, which seldom pay dividends.

This separate level of taxation adds a layer of complexity to filing and paying taxes, but it can be a benefit to some businesses. Owners of a corporation don't have to pay personal income taxes on profits they don't receive. And, because corporations enjoy a lower tax rate than most individuals for the first $50,000 to $75,000 of corporate income, a corporation and its owners may actually have a lower combined tax bill than the owners of an unincorporated business that earns the same amount of profit.

Investment Needs

Unlike other business forms, the corporate structure allows a business to sell ownership shares in the company through its stock offerings. This makes it easier to attract investment capital and to hire and retain key employees by issuing employee stock options.

But for businesses that don't need to issue stock options and will never "go public," forming a corporation probably isn't worth the added expense. If it's limited liability that you want, an LLC provides the same protection as a corporation, but the simplicity and flexibility of LLCs offer a clear advantage over corporations. For more help on choosing between a corporation and an LLC, read the article Corporations vs. LLCs.

Changing Your Mind

Your initial choice of a business structure isn't set in stone. You can start out as sole proprietorship or partnership and later, if your business grows or the risk of personal liability increases, you can convert your business to an LLC or a corporation.

Adapted from: http://www.forbes.com/2006/05/30/startup-LLC-corporation-cx_nl_0530nolo.html

Lesson 11 Startups

6 Steps to Starting a Business From Zero

Every great business started with drive and a passion. Even moguls like Richard Branson, Oprah, Bill Gates and Warren Buffett started at zero.

If you know my story, you know that after I was injured in professional football, my lifelong dream of playing came to an end. I spent a year and a half broke and sleeping on my sister's couch trying to figure out what I was going to do with my life.

At that time my main passion was sports, and that was my focus for as long as I could remember. I wanted to have the flexibility to do what I love, and make a living that would set me up for the rest of my life. But I had no idea where to begin.

Through equal parts luck and persistence, that year I found a brilliant mentor. I interned with him for close to a year and he paid me about $500 a month. I poured myself into learning from him. I also did whatever I could to earn income on the side working event marketing gigs and other odd jobs.

As I put one foot in front of the other, I started seeing where my passion and skills intersected. I loved connecting people and adding value to their lives. I loved providing whatever service I could to them that would help solve a problem they had. As I pursued the things that interested me, I began to put together networking events. I started to form what would become my business and brand, ever evolving along the way.

It wasn't as if I had a perfect plan mapped out. I combined my passions, strengths and vision to create the ideal business for me along the way. The most passionate entrepreneurs are driven by more than just money. They're driven by living a fulfilled life.

If you haven't yet discovered your passion, I encourage you to do so. That's part of the reason I started The School of Greatness Academy -- to help people pursue their passions. Think about what excited you as a kid, or the thing that when you do it you lose all sense of time and space, you are so lost in the moment. You will be happiest when you follow your passion. I love what Steve Jobs had to say about this:

Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart, you'll know when you find it.

Once you have figured out what you want to do, here are some important things to keep in mind while starting your business from zero:

1. Research your market.

Knowing what the competition knows won't cut it. Go deep. Dive in to your market and study it like an expert.

Search Google for keywords that are related to your industry. Don't get discouraged if the market seems flooded. You can use this to your advantage. It means that it is working for those people and you can make it work for you. There is money there.

2. Set a tangible financial goal.

I set new goals every six months and always stretch my initial mark. Work backwards and figure out what you need to do each day to get to where you want to be. Set a goal that is a stretch for you and look at the steps you need to take every day to accomplish that goal.

3. When you create a website, make the content shareable.

It's great to reference some the leaders in your space, but when you are developing your own brand, it's important to create unique content on a single hub. A site that your readers and viewers can reference back to, for more of your incredible content. I lean on Derek Halpern who's a pro at this.

4. Build a list.

Email is best form of currency online and building an email list is one of the most important tools in building a business. As you develop your shareable site, begin building a list of emails of the people that visit your site. Then continue to provide them with value. This will translate into buyers for the future launch of your product or service.

Adding in an opt-in form on your website and having a place to store your emails are the first two steps to building your email list. Free resources like HelloBar.com and AppSumo.com allow you to collect email information on your website. To store email addresses, I recommend the program Aweber, which even offers a free 30-day trial.

5. Launch a product or service you can sell.

If you have a financial goal that you've set out for the next six months, then you have to sell something. Take the time to figure out the biggest challenges your audience is facing and build your relationship with them. Then create something that solves their problem. I know this is easier said than done, but it's critical. Your leads come from your list, you convert them to customers, follow up and build a relationship.

6. Start NOW and improve as you go.

A lot of people waste time thinking about making things perfect before they launch their business. The logo, the website, the copy -- everything. This is a waste of time. Sell your product before you make it by offering a pre-order. Focus on getting sales and attracting leads. Successful companies launch all the time and they aren't perfect.

Think of Facebook and all the changes and improvements it has made. Start with a small product and always be improving. Launch online you can sell over and over and not have to trade time for dollars.

The most important thing is to enjoy the process and know that you don't have to make it perfect. Start today. If not now, when?

Adapted from: https://www.entrepreneur.com/article/243887

8 Great Entrepreneurial Success Stories

It never ceases to amaze me how much time people waste searching endlessly for magic shortcuts to entrepreneurial success and fulfillment when the only real path is staring them right in the face: real entrepreneurs who start real businesses that employ real people who provide real products and services to real customers.

Yes, I know that's hard. It's a lot of work. What can I say, that's life. Besides, look on the bright side: You get to do what you want and you get to do it your way. There's just one catch. You've got to start somewhere. Ideas and opportunities don't just materialize out of thin air.

The only way I know to get started is by learning a marketable skill and getting to work. In my experience, that's where the ideas, opportunities, partners, and finances always seem to come from. Sure, it also takes an enormous amount of hard work, but that just comes with the territory.

If you want to do entrepreneurship right, here are eight stories you've probably never heard about companies you've most definitely heard of.

The Pierre Omidyar way. In 1995, a computer programmer started auctioning off stuff on his personal website. AuctionWeb, as it was then known, was really just a personal project, but, when the amount of web traffic made it necessary to upgrade to a business Internet account, Omidyar had to start charging people fees. He actually hired his first employee to handle all the payment checks. The site is now known as eBay.

The John Ferolito and Don Vultaggio way. Back in the 70s, a couple of Brooklyn friends started a beer distributor out of the back of an old VW bus. Two decades later, after seeing how well Snapple was doing they decided to try their hand at soft drinks and launched AriZona Green Tea. Today, AriZona teas are #1 in America and distributed worldwide. The friends still own the company.

The Matt Maloney and Mike Evans way. When a couple of Chicago software developers working on lookup searches for Apartments.com got sick of calling restaurants in search of takeout food for dinner, the light bulb went off: Why isn't there a one-stop shop for food delivery? That's when the pair decided to start GrubHub, which went public last April and is now valued at more than $3 billion.

The Joe Coulombe way. After operating a small chain of convenience stores in southern California, Joe Coulombe had an idea: that upwardly mobile college grads might want something better than 7-11. So he opened a tropical-themed market in Pasadena, stocked it with good wine and booze, hired good people, and paid them well. He added more locations near universities, then healthy foods, and that's how Trader Joe's got started.

The Howard Schultz way. A trip to Milan gave a young marketer working for a Seattle coffee bean roaster an idea for upscale espresso cafes like they have all over Italy. His employer had no interest in owning coffee shops but agreed to finance Schultz's endeavor. They even sold him their brand name, Starbucks.

The Phil Robertson way. There was a guy who so loved duck hunting that he chose that over playing pro football for the NFL. He invented a duck call, started a company called Duck Commander, eventually put his son Willy in charge, and that spawned a media and merchandising empire for a family of rednecks known as Duck Dynasty.

The Konosuke Matsushita way. In Japan in 1917, a 23-year-old apprentice at the Osaka Electric Light Company with no formal education came up with an improved light socket. His boss wasn't interested so young Matsushita started making samples in his basement. He later expanded with battery-powered bicycle lamps and other electronic products. Matsushita Electric, as it was known until 2008 when the company officially changed its name to Panasonic, is now worth $66 billion.

The Steve Wozniak and Steve Jobs way. While they had been friends since high school, the two college dropouts gained considerable exposure to the computer world while working on game software together on the night shift at Atari. The third Apple founder, Ron Wayne, was also an Atari alumnus.

As I always say, the world is full of infinite possibilities and countless opportunities, but your life and career are finite, meaning you have limited time to find what you're searching for and make your mark on the world. This is your time. It's limited so don't waste it. Find something you like to do and just do it. That's how real entrepreneurs always start.

Adapted from: https://www.entrepreneur.com/article/243099

Lesson 12. Job seeking

12 Surprising Job Interview Tips

You're almost there. Your resume landed you an interview and now it's time to seal the deal. So what's the best way to prepare?

To find the answer, I looked back on my interviews, sifted through research, and most importantly, asked employees from today's most coveted companies. I tried to find deep insights beyond the typical "sit up straight!" and "dress to impress!" tips we hear too much.

Below you'll find the 12 best tips to help before, during and after your interview.

BEFORE

1. Research Earnings Calls, Quarterly Reports & Blog Posts

In today's world, content is king. Goldman Sachs publishes quarterly reports, Microsoft records its earning calls, and every startup has a blog.

With so much out there, I'm baffled that few of us look past the company's homepage. It's like we're writing an essay on The Odyssey without quoting a single passage from the book.

Example: If you're interviewing with Google, here's two ways to answer: "What's Google's biggest opportunity in the next 5 years?"

> **Weak**: "I think wearable technology will be big because Google Glass and Apple Watch represent a new trend that shows…"
>
> **Strong**: "Call me geeky, but I was listening to Google's quarterly earnings call and was blown away by the fact that display advertising hit over $5 billion in the past few years. Therefore, I think that…"

Neither answer is wrong, but the latter says much more. It shows you've done your homework and give answers rooted in data.

2. Use Google Alerts

Keeping up with company news is hard, especially if you're interviewing with multiple places at once. That's why Google Alerts is a savior; it's a tool that emails you anytime a new story appears for a specific term. That way, you learn about current events without searching for them.

Example: If you're applying to Creative Artists Agency, follow these steps:

- Go to www.google.com/alerts
- Type in "Creative Artists Agency"
- Put in your email address if you're not already logged in to Gmail

Soon enough, you'll get updates on CAA and have more ammo for your interview.

3. Use Social Sweepster To Clean Your Facebook & Twitter

Nowadays, 91% of employers search your social media for any red flags. While most people tell you to watch every single thing you upload, there's a much easier solution. Use Social Sweepster, an app that detects pictures of red solo cups, beer bottles, and other "suspicious" objects. It even detects profanity from your past posts! Now, that's f%$king awesome!

“Too many recruiters reject candidate because of something they found on their social platforms” Social Sweepster CEO Tom McGrath says. “We help you create the first impression on your own terms.”

4. Schedule For Tuesday at 10:30 AM

According to Glassdoor, the best time to interview is 10:30 AM on Tuesday. Remember, your interviewer has a world of responsibilities beyond hiring. They’re responding to emails, balancing projects, and meeting tons of other candidates so it’s crucial to consider when they’ll be in the best mental state to meet you.

10:30 AM Tuesday is the sweet spot because you:

- Avoid the bookends. On Mondays and Fridays, employees gear up for the week or wind down. By the same token, avoid the first or last slots of any workday.
- Avoid lunchtime. Immediately before noon, your interviewer may be too hungry to concentrate; immediately after, they may be in a food coma.

But there’s a caveat. Research shows it’s best to take the earliest interview slot “in circumstances under which decisions must be made quickly or without much deliberation because preferences are unconsciously and immediately guided to those options presented first.”

Bottom line: if the firm is hiring for a job starting in a few months, try to interview late morning between Tuesday through Thursday. If the firm is hiring immediately, grab the earliest slot.

5. Craft Your “Story Statement”

Though most interviews start with the same prompt (“tell me about yourself” or “walk me through your resume”), we blow it off with boring answers like:

I studied [major X] because I really care about making a difference in [industry Y] as you can see through my last job at [company Z]…

This answer is like tearing out the first 200 pages of your autobiography. You leave out everything that gives meaning to why you want this job in the first place. What was your moment of epiphany? How did your childhood influence you? Why does this job move you? Most people don’t answer these questions. They start and end with their professional experience, leaving little to inspire the interviewer.

Next time, use what I call a “Story Statement,” which is a Cliff Notes of your autobiography.

Example: Here’s an amazing Story Statement that Teach For America fellow Kareli Lizarraga used for her interviews.

I grew up in California and Arizona after immigrating to the United States when I was four years old. Since neither of my parents went to college, I relied on my high school teachers to help me apply to top universities. With their support, I was able to attend the University of Pennsylvania. Then I spent a summer at a Washington DC law firm, which represented low-income students and helped me realize that my passion lay within creating educational opportunities for all.

I decided to become a teacher because I see myself so deeply reflected in the stories of so many students in your schools – and that’s why I’m so excited about the opportunity to interview with you today. Like my teachers did for me, I want to *impact the next generation of students by supporting them and understanding the experiences they're facing.*

A Story Statement shows that you're a person, not just a professional. It also makes it easy for your interviewer to predict the next chapter of your story. For Kareli, Teach For America is a logical next step. Of course, if she interviewed for Apple, she may change her Story Statement to include an early experience with her first computer and talk about how her passion for tech grew from there. For a Bain interview, she could mention how she started problem solving at a young age and now wants to do it on a big scale.

Chances are, we've all had experiences we can connect to where we're trying to go. It's just a matter of selecting the right ones to tell our story. That said, if you struggle to craft your Story Statement for a particular interview, you might be applying for the wrong job.

6. Wear a Subtle Fashion Statement

We already know dressing well makes a difference. But what if we took our attention to detail a step further? That's exactly what Morgan Stanley analyst Julio German Arias Castillo did for his interviews.

"Wear something that represents your culture or background," he says. "In my case, I always wear a pin of the Panamanian flag on my suit lapel. Most of my interviewers ask about it so it becomes a chance to discuss my upbringing and love of my homeland."

Julio created a conversation starter with his clothing. Depending on the company, you can be more playful: wear a bracelet from your recent travels to India, a tie with a quirky pattern, or — if you can pull it off — a small mockingjay pin if you're a Hunger Games fan. As long as it's subtle and tasteful, your fashion statement can build rapport through fun conversations about your hometown or mutual love for Katniss Everdeen.

7. Prepare for The "What's Your Weakness?" Question

Most people overthink this question and give a canned answer like "I'm too much of a perfectionist!" Others give a genuine answer but still fall short of what this question is really asking. It's not about admitting your weaknesses. It's about showing how you overcome them. What systems have you put in place? What progress have you made? Include those thoughts to strengthen your answer.

Example:

> **Weak:** "My weakness is that I struggle to run efficient meetings…"
>
> **Strong:** "I sometimes struggle to run efficient meetings. But I've worked to improve by drafting an agenda before every meeting, sending it to all participants, and then following up with a recap and clear action items so everyone knows what to do moving forward."

8. Brainstorm 3 "PAR" Anecdotes

Your interview is as memorable as the stories you share. Many people have fascinating experiences but forget them when they're on the spot. To remedy this, have three anecdotes ready to plug into your interview. Your anecdotes should follow a simple format:

- Problem – what was the situation?

- Action – what did you do to solve it?
- Result – what changed afterwards?

With this format, you can adapt your PAR anecdotes to fit a variety of questions such as “tell me about a time you worked with a team” or “when have you struggled most?”

Example: University of Pennsylvania Senior Hunter Horsley has a terrific PAR anecdote for his interviews.

Problem*: “When I worked on Lore, an education tech startup, our big marketing challenge was finding a way to get professors to try our product. Ads are inefficient and competitors like Blackboard and Canvas had sales teams call IT administrators to sign multi-year contracts — a very slow and expensive process. We needed to move faster.”*

Action*: ”We realized that students preferred our product so we teamed up with about 200 students from 100 colleges. They developed a custom outreach plan for their campus and we provided resources to support them.”*

Result*: “This was highly effective in creating awareness with professors. In fact, it became a competitive advantage. During our first two semesters, our team of 15 people drove adoption that outpaced a competing product launched by Pearson at the same time. An additional benefit was that the approach created brand affinity. Because professors heard about the tool from students instead of an ad, the value proposition came across more authentically.”*

DURING

9. Think Aloud on Analytical Questions

Some interviews include tough analytical questions. Whether you’re solving for an exact number (“what’s the EBITDA of Company X?”) or rough estimate (“how many ping pong balls can fit in a Boeing 777?”), it’s important to talk through your thinking. Don’t just give an answer; show how you got there.

Example: Consider these two answers to “How many lawn mowers are there today in the United States?”

Weak: After 45 seconds of silence, you blurt out “75 million!”

Strong: You’re talking the entire way through, sharing your calculations and assumptions.

“Let’s start from the top down. Assuming the US population is 300 million and each household averages 3 people, then we have 100 million families in the US. Let’s assume urban households don’t have lawns to mow and therefore only suburban and rural families buy lawnmowers. If roughly 25% of America is urban and 75% is suburban and rural then we have 75 million households that own a lawnmower.”

(side note: it’s okay to make assumptions and for those assumptions to be off. But that’s why you need to communicate them first).

This is a great way to show your communication skills alongside your analytical ones. Plus, if you make an error, it’s easier to know where you went wrong and fix it.

10. Ask Questions That Kill Two Birds With One Stone

At the end of your interview, it’ll be your turn to ask a few questions. This is a perfect opportunity to kill two birds with one stone – that is, asking a genuine question while conveying something new about you. Most people just do the first part and forgo a final chance to impress the interviewer.

Example:

Weak: Will this role provide opportunities to work in emerging markets?

Strong: I'm passionate about languages and minored in Arabic in college. Will this role provide opportunities to work in emerging markets in the Middle East?

Weak: Are there opportunities for community service?

Strong: I used to work with Habitat for Humanity and was so grateful for the opportunity to give back. For a full time employee, are there company-wide community service events that I could take part in?

Weak: What's [Company X]'s fastest growing division?

Strong: According to your quarterly report, your revenues grew by 17%. Is that because of a particular division within the company?

This works beautifully if you haven't found a natural way to bring up an accomplishment or cite a publication beforehand.

11. Grow A Backbone & Ask This Final Question

This one takes guts — and that's why I love it. Spredfast Product Manager Luke Fernandez says it's the "single piece of advice that has consistently made a difference."

Before your interview ends, ask this one last question: "Have I said anything in this interview or given you any other reason to doubt that I am a good fit for the role?"

"It's bold, but if delivered honestly, it displays true desire and confidence," Luke said. "I've been commended for that specific question in interviews with Google, YouTube, BCG, Deloitte, Twitter, and Spredfast. In one situation, the interviewer actually said yes and gave me the chance to clarify something that would have otherwise lost me an offer."

Talk about badass!

AFTER

12. Email a Personalized Thank You Note

Thank your interviewer within 24 hours of finishing. It not only shows your gratitude, it also combats recency bias if you interviewed early. Not to mention, it opens the door for dialogue even if you don't get the job. Sometimes, recruiters reach back out on the same email thread months later, mentioning new job opportunities.

Example: Accenture senior analyst Anthony Scafidi shared a wonderful email from Robert Hsu, an interviewee whose follow up email shows how to do it right.

Hi Anthony,

Appreciate your taking the time to chat with me today. I really enjoyed hearing about your two projects so far, how much you love the people at Accenture, and how you've been able to continue your community service work even while working. (Hope you had a good meeting with your mentee!) Best wishes on your current project.

Sincerely,

Robert

Adapted from: http://www.forbes.com/sites/jonyoushaei/2014/10/20/12-surprising-job-interview-tips/3/#587c35116621

Smart Answers to Common Job Interview Questions

By Jeff Lipschultz

One of the most common questions in an interview is “Tell me about yourself.” Actually, it is not even a question--it is an invitation. It is an opportunity to share with the interviewer whatever you think is important in their hiring decision.

As some of you know from reading my free Job-Hunt interviewing guide -- Successful Job Interviewing: What Job Candidates Need to Know -- I recommend building a checklist of key experiences and attributes you want to cover and find opportunities to present them during the interview. The “Standard Questions” are often times those moments.

Here are some of the most popular questions and my thoughts on how to answer them.

Where do you see yourself in five years?

Employers don’t necessarily care to hear that you expect to climb the corporate ladder and be a supervisor. If the job you’re interviewing for is not a supervisor, they probably aren’t concerned about your management skills. You can share how you’ve been a mentor to others and led projects with little to no supervision. That should indicate you have leadership potential.

Focus on them: In five years, you should have made a significant impact to the company’s bottom line. Think about how you can achieve this in the role you’re interviewing for. In technology careers, advancing your skills is important, too. You should be able to share what areas you want to strengthen in the near term (but be careful that they are not areas of expertise that the company needs now).

Why should we hire you?

This is a differentiation question. What you want to tell them is: they'd be crazy not to they hire you.

Focus on them: You need to not only share how you meet almost all the criteria they seek, but also have two to three additional abilities that they might not even know they need…yet. They need to know you are a candidate who can meet their needs now, but also be valuable for where they want to go. Are they likely to need another skill set as they grow as a company? Or maybe you have skills that you noticed are in another job description they are looking to fill; you can help out with those deliverables until they find someone (or be a backup to the person they hire).

Have you been down a path already that they are currently starting? Having “lessons learned” to offer them is a very strong plus for a job candidate.

Why do you want to work here?

The answer to this question has two aspects: the content and the delivery.

*Focus on them***:**

- Content -- Employers want to know you feel you can fit in at the company quickly. That means on deliverables, but also company culture. You’ll likely have to do some homework to answer this one. You need to understand the reasons why others enjoy working there. Is it a great place to advance your skills, have great challenges to add to your resume, or will it allow you to grow as a professional?

- Delivery -- The delivery must be genuine. If a hiring manager feels you're just "telling them want they want to hear," but don't mean it…well, the interview is over in their mind. They want to know this is not just a job and paycheck. They want to hear this is what you want to do and the best place to do it.

What do you know about us?

This is actually a test. If you know very little, it is an indication that you are not very serious about working there.

Focus on them: Candidates who are really excited about the prospect of working there have done their homework. If you really want to stand out, learn more than what is listed on their web site. Do some heavy research—perhaps find some articles on the company that not many would know about. It may even come up in conversation spontaneously, and you can show them a copy of the article (I have had this happen to me).

How do people describe you?

Here's another opportunity to differentiate yourself. Everyone claims to be: a hard worker, good communicator, and team player. But how many are a: problem-solver, game-changer, leader in the industry? Be creative, and have stories to back it up. The interviewer will want to know why someone thinks you are one of these things.

Focus on them: You want to present attributes that make you sound like the go-to guy or gal wherever you work. Even the standard answers can be taken a step further to be more valuable:

Yes, they want hard workers, but most likely that's commonplace at their office. Maybe you work hard, but also help others work fewer hours (by helping them do their job better or making their jobs easier).

Good communicators are everywhere. But this doesn't mean just speaking well. It includes listening. Do you hear things that others don't? Do you understand things quickly? Can you figure out what people are trying to tell you through other clues (body language, for example)?

Being a good team player is expected, too. But what does this really mean? Getting along with everyone? That's not hard to do if you're a nice person. Pulling your weight in the office? Again, expected. What have you done, beyond your job description, that saved the team from a disaster or helped them make an impossible deadline? Have you won an award for this?

What is your greatest strength/ greatest weakness?

Your greatest strength is something they need.

Focus on them: You have many strengths, but pick the one they need help with the most. Is it your expertise in a particular skill? Is it your ability to turn low-performing teams into high performers? Share something that makes them think they need to hire you…right now.

I hate the "greatest weakness" question. Everyone knows it's a trap, and everyone knows the candidate is going to say something trite (popular example: "I'm a perfectionist"). When you give a real answer, you are being genuine. You are admitting you have some growth opportunities and are not perfect. But you can include that you already have a plan to overcome this weakness through training or practice.

Some people even insert a little humor in their answer—“I wish I was better at tennis.” You can, too, if you feel like the interviewer has a sense of humor. But, be sure to quickly follow with a serious answer. Showing you have a lighter side is usually a good thing.

When can you start?

Be careful about this question for a few reasons. First of all, it doesn’t mean you “got the job.” They may be just checking to add that to their notes. You must keep your guard up until you are in your car and driving away from the interview.

If you are currently employed, you should be honest about the start date and show professionalism. You should tell them you would have to discuss a transition with your current company and see if they require a two-week notice. If you currently have a critical role, your potential new employer would expect a transition period.

If you can start right away (and they know you are not currently employed), you certainly can say you’re able to start tomorrow. Sense of urgency and excitement about starting work at the new company is always a good thing.

Bottom line:

Even the “boring, standard questions” can have unique and useful answers. You should think hard about how you can differentiate yourself from others every step of the way during the interview.

Adapted from: https://www.job-hunt.org/recruiters/smart-job-interview-answers.shtml