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To Marilyn, an extraordinary person, my wife.

Contents

PREFACE	xiii
ACKNOWLEDGMENTS	xvii
AUTHOR	xix
PART I THE ELEMENTS	
CHAPTER 1 BUSINESS: AN OVERVIEW	3
Deliver What You Promise. On Time!	4
Interrelations of Various Business Areas	6
Forms of Business Organization	8
Sole Proprietorship	8
Partnership	9
Corporation	10
Some Variations	11
Current Trends	12
Goals of a Business	13
Company Philosophies	14
Relatives in a Business	16
Planning	16
CHAPTER 2 MARKETING	19
Marketing Research	19
Customers	21
Differential Advantage	21
Consumer Demographics	22
Consumer Decision Process	23

	Cognitive Dissonance	25
	Product Life Cycle	25
	Principle of Reverse Effect	27
	Marketing Your Talents	30
CHAPTER 3	SALES	31
	Who Should Be a Salesperson? Where Are Such People?	32
	What Are the Characteristics of a Successful Salesperson?	32
	Who Are Your Customers?	33
	Where Are Your Customers?	34
	How Do Industrial and General Sales Differ?	34
	How Are Salespeople Compensated?	39
	Straight Salary	39
	Commission Only	40
	Salary Plus Commission	40
	Is Segmentation Territorial or by Product?	41
	What Is a Sales Forecast?	42
	What Is the Function of a Sales Manager?	43
CHAPTER 4	FINANCE	45
	Management's Primary Goal	46
	Depreciation	46
	A Brief Overview of Depreciation	47
	Debt and Equity	49
	Stocks and Bonds	50
	Time Value of Money: The Single Most Important Concept in Finance	54
	Annuities	62
	Bond Valuation	64
	Stock Valuation	65
	Expected Value	66
	Economies of Scale	67
	Diminishing Returns	68
	Understanding Financial Statements	69
	Ratio Analysis	73
	Capital Budgeting	76
	Cash Flow	82
	Degree of Operating Leverage	82
	Risks and Rates of Return	83
CHAPTER 5	BREAK-EVEN ANALYSIS	85
	Fixed and Variable Costs	86
	Assumptions	87
	Example of Technique	87
	Nonlinear Break-Even Analysis	94
CHAPTER 6	STATISTICS: A LITTLE BIT, SIMPLY EXPLAINED	97
	Cause and Effect	98

Standard Deviation and Normal Curve	99
Standard Deviation and Width of Distribution	103
Z Value	104
CHAPTER 7 GRAPHS, CHARTS, AND EQUATIONS	107
Visual Means of Presenting Data	108
Text Charts	109
Line Charts	110
Bar Charts	111
Pie Charts	112
Combination Charts	114
Summary	114
CHAPTER 8 MANUFACTURING	117
Types of Production Systems	118
Job Shop Production	118
Batch Production	118
Continuous Production	118
Combination Production	119
Inputs to Production Planning Systems	119
Key Personnel	120
Total Quality Management (TQM)	121
Just-in-Time (JIT) Inventory	122
Types of Inventories	124
CHAPTER 9 ACCOUNTING	127
Accounting and Bookkeeping	127
Budgets	128
Accounting Functions	128
Cost Accounting and Managerial Accounting	130
Accounting System Procedures	131
Ledgers	132
Financial Statements	132
Conclusions	132
PART II ELEMENTS OF THE TECHNICAL AREA	
CHAPTER 10 TECHNICAL FUNCTION: OVERVIEW	137
Basic Research	138
Applied Research	139
Invention	139
Patents	142
Innovation	143
Technology	144
CHAPTER 11 QUALITY CONTROL	145
Consumer Quality Issues	146
Produce the Best!	146

Quality Characteristics	147
Total Quality Management (TQM)	149
Malcolm Baldrige Award	150
Quality Levels and Costs: Different Views	150
Customer Service	151
CHAPTER 12 TECHNICAL SERVICE	153
Definition	153
Summary	155
CHAPTER 13 RESEARCH AND DEVELOPMENT	157
Overview	157
Benefits of Research and Development	159
R & D and Its Relationships with Other Areas of the Company	161
Laboratory Structure	162
Comparison of Research and Development and Technical Service	165
Directing Research and Development Operations	165
PART III INTEGRATING BUSINESS AND TECHNICAL AREAS FOR PROFIT	
CHAPTER 14 THE CORPORATION AS A UNIT: AN OVERVIEW	171
Corporation Structure	171
Chairman of the Board	173
Chief Executive Officer (CEO)	174
Chief Operating Officer (COO)	174
President	174
Executive Ethics	174
CEO Classifications	175
CEOs and Communication	176
Defining Your Business	177
Goal Setting and Strategic Planning	179
Preface	180
Mission	180
Objectives	180
Threats and Opportunities	181
Weaknesses and Strengths	181
Growth	182
Buildings and Equipment (Optional Section)	182
Personnel	183
Research and Development	183
Closing Comments	184
Summarizing the Strategic Plan	184
Management Styles	185

CHAPTER 15 BUSINESS AND TECHNICAL RELATIONSHIPS: SYMBIOSIS TO MAXIMIZE PROFITS	187
CHAPTER 16 PEOPLE SKILLS: HOW TO GET ALONG WITH OTHERS (THE MOST IMPORTANT CHAPTER IN THIS BOOK)	193
Introduction	193
Listening	194
Communications	198
Nonverbal Communications	203
When Someone Points Out an Error You Made	206
Navigating Two-Way Streets	207
How to Lose Friends	207
Negotiation	208
Information Gathering	208
Negotiators and Decision Makers	209
Have Several Issues for Discussion	209
Be Prepared to Walk Away	210
Compliments after Negotiations	211
Conclusion	211
CHAPTER 17 CURRENT CONCEPTS, TRENDS, AND TOOLS	213
Working from Home (Telecommuting)	213
Social Responsibility	214
Domestic and Foreign Outsourcing	215
Not Invented Here (NIH) Syndrome	217
Tools of Your Trade	218
Contract Assignments and Short Term Employment	219
Bonuses	221
Awards	221
Attempts to Mislead	222
Accuracy of Information	222
 PART IV PLANNING AHEAD	
CHAPTER 18 YOUR CAREER	229
Your General Plan	230
Your Strategic Plan	231
Meet New People	232
Observe	232
Visibility	233
Job Descriptions	233
Systems	234
Interviews	235
Other Considerations	236
Final Words	236

CHAPTER 19 STARTING YOUR OWN BUSINESS	237
First Steps	237
Unique Selling Proposition (USP)	237
Partners: Pros and Cons	239
Customer Issues	240
Financing and Credit	241
CHAPTER 20 ... AND A LITTLE BIT MORE	243
Expectations	243
Professional Characteristics	244
Risk	244
Profit Improvement: Back to Basics	245
Setbacks	246
Attitude	246
Time—Your Nonrenewable Resource	247
Problem Solving	248
Decision Making	251
Training	251
Priorities	253
Report Format	254
Laboratory Report Form	254
Reference Points	254
Learn about Yourself	255
Learn about Others	255
Teams	255
Dealing with Media	256
Measurements	257
Miscellany	258
Final Thoughts	259
INDEX	261

Preface

This book is written primarily for the aspiring technical manager on the way up the ladder. This technical manager may be brilliant in chemistry, physics, biology, or engineering; however, this person will—as he or she climbs the ladder—find that business skills are needed. He or she does not need buzz words; they will not suffice. At this point in a career, for the good of the person and for the good of the company, business savvy (not business jargon) is what is needed.

Business today represents the merging of technological developments with market demand and, hence, a knowledge of technology and the business principles (and their actual applications) is needed in order to maximize profits. The phrase “maximize profits” will be mentioned frequently in this book because that’s what business is all about—to make a profit and to make the highest possible profit within the realms of time, economics, and ethics.

In the preparation of this text, I have tried to adhere strictly to the title and describe those business principles and applications that are most important for the technical manager to understand. This book is not meant to be a compilation of textbooks on each of the individual subjects of marketing, economics, etc. If the reader wants to buy a textbook about any of the individual chapter headings or topics, a sufficient number of good ones are available. Rather, this book is intended to be what I believe may be *the first book of its kind* that

touches on “just enough” of each of the topics to give the reader an adequate understanding.

Parts I and II describe business and the technical functions along with their individual elements or topics. Part III shows the integration of these elements to achieve the goal of selling a company’s product or service, hopefully at a price greater than the cost to produce, to generate a profit for the company. Once in a while a company sells a product at a price below the cost to produce. This results in a loss. On rare occasions such sales are deliberate, to allow another product line to profit directly or indirectly. Sometimes, however, the loss is not realized until after the fact and rapid adjustments must be made. Part IV is called Planning Ahead and the chapters discuss planning and moving ahead in your career as a company person or as the owner of your own business.

This book is meant to be a *practical* guide and is based on my true-to-life experiences and observations. Since my career is in the pharmaceutical industry, including work with the Food and Drug Administration, many of the examples in the text are from pharmaceutical situations. However, similar situations occur in all the other industries. Problems in other industries are identified and solved with the same techniques.

Throughout this book, a product or service will be referred to as a product to avoid overuse of verbiage. If your company provides a service, the same considerations apply. In most situations the “he” or “his” pronoun is used. Continually referring to “he or she” or “he/she” would be distracting, so the male pronoun is used most of the time. We all know that women are as capable as men and have no need to prove it here by complicating the text. You, reader, may see various places where a particular topic could have been treated in a different chapter. Several topics apply to more than one chapter. They overlap various subjects and the selection of the chapters in which they were placed was on a *best fit* basis.

A review of the content of this book will show that it is more than a book for the technical manager who wants to master business subjects. It is also intended to serve as a very good reference for business persons on the move upward in sales, marketing, manufacturing, and other areas, who must learn about technological functions. In fact, I believe that if both business managers and technical staff read this

book, they can attend meetings that will be much shorter, achieve greater communication, and feel a sense of accomplishment upon leaving those meetings.

The reader can use this book as a reference in communicating and negotiating with people in other areas within and outside of the company. This text will enable the reader to know more about the overall integrated functions of a company, be more productive to the company, and progress up the ladder to find personal achievement and reward.

People skills and communication are emphasized throughout this book. Despite all the newest technology available today, communications innovations like e-mail, smart phones, and the like are tools; we should use such tools properly, not let the tools use us. Ultimately, we deal with people who use both our products and other people's products. While many business factors have changed in recent years, people have not. They remain the same. They are the most variable on an individual basis, yet collectively remain the same. They can be frustrating to deal with, and they can be immensely gratifying to deal with. They can be steady or capricious. The more you know about them and yourself, the more fascinating and rewarding life and your career can be.

This is written as an *easy-to-read* book discussing principles that are of *immediate and practical application*. Sit back and enjoy. Hopefully you will have the feeling that I am sitting at a table with you and, maybe over coffee, talking directly to you. Practice the skills and techniques presented here and watch good things happen.

JAMES J. FARLEY

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Thank you all for your encouragement and information.

Author

Jim Farley has worked in the pharmaceutical and pharmaceutical packaging industries for more than 40 years. His industry, academic, federal government, and consulting experiences combine to provide a unique background and view that Jim utilizes in his everyday business and technical activities. He has managed a quality control laboratory and a technical service department, and formed and directed a research and development laboratory in industry.

Jim was employed as Director of the Science Branch of the Philadelphia District of the U.S. Food and Drug Administration before starting his own business, Cardinal Consulting and Training, which assists pharmaceutical and biotechnology firms in the technical, regulatory, and business aspects of bringing their new drugs to the market.

Jim has an MS in physical chemistry and an MBA in marketing and finance and uses that dual background to teach the symbiosis of the technical and business areas in training seminars for clients and for several professional training organizations.

Jim was an adjunct instructor at two of The Pennsylvania State University's Philadelphia area campuses, where he instructed various management subjects. He also taught physical chemistry at Rosemont College, finance and marketing at Cabrini College, and physical chemistry at St. Joseph's University in Philadelphia. He was an instructor

in the graduate school of Temple University in Philadelphia, teaching specific courses related to FDA regulatory affairs.

Jim currently resides in Savannah, Georgia, where he directs the activities of Cardinal Consulting and Training.

PART I
THE ELEMENTS

1

BUSINESS

An Overview

A business is formed and exists so that its owners can produce and sell a product or service to yield proceeds of more value than the costs to produce and sell it. This leads to what is called a profit.

Some firms don't do this. They sell at a figure below their costs to produce and deliver the items. Some firms sell below cost deliberately and call the product a "loss leader"—it is sold at a loss on the premise that purchasing customers will see other items sold by the same firm and buy them with a resulting net profit to the firm. Some, however, sell at a loss and don't realize it until it's too late. Obviously not good!

Before this happens to you, let's look at the fundamental principle of business, the reason it exists, the *raison d'être* (pronounced *rā zōn dēt'ṛə*). You should understand the very basic tenets of business before going any further. After we master the core idea, we will then go on to the interrelationships of the various business areas.

Fundamental principle of business: A person who wants money offers to provide a service or product for a person who has the money. They agree, and upon completion of the transfer of the service or product, the person who has the money gives it to the person who wants the money. This way both parties are satisfied.

Keep in mind that "the person having the money calls the shots" before giving the money to the person who wants the money. It's that simple!

Let's look at the steps of the transaction. Person P provides a product or service (he is also called the provider). Person C wants the product or service and has the money (he is also called a client or customer). Person P agrees to provide the product or service to Person C in exchange for the money. Person C agrees to the terms of the

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