

Exploring business purposes

Task one

I am now going to select one out of each group and answer the following questions:

- A) the size of the organisation (small, medium, large)
- B) the types of business ownership (sole trader, partnerships, LTD, PLC, charity and franchise)
- C) the scale of the business (local, regional, European and global organisation)
- D) The purpose of the business (goods and services at a profit, free, costs etc.)

I intend to investigate and produce a report for each of the business organisations. But I am going to address to the criteria above.

In group one; I have decided to research St. Bartholomew's medical centre. I intend to follow up on my research using the B-Tec book and internet to answers the questions above.

St. Bartholomew's medical centre

I have research that:

St. Bartholomew is a practice which consists of six partners which combines to make up a partnership company. They have two Salaried GPs, a GP Registrar and a GP Retainer. They offer over 60 doctor surgeries per week. They currently look after approximately 17000 patients. The size of the business is a medium organisation.

In addition, they have many other practitioners working from the surgery: Practice Nurses, District Nurses, Health Visitors, Health Care Assistants, Midwives, Physiotherapist, Psychologist, Psychiatrist, Drugs and Alcohol nurse, and a Citizens Advice Bureau advisor who can help with queries on benefits.

Their practice area covers the eastern part of the city and surrounding area and includes Cowley, Headington, Littlemore, Rose Hill and Blackbird Leys. (But it is just in oxford which makes it a local business). A wide range of social and ethnic groups are represented. Translators can be booked for most languages.

Approximately half their patients are students at Oxford Brookes University and largely consult with them at the Oxford Brookes Medical Centre on the Gipsy Lane campus.

All businesses exist for a purpose. They produce or supply goods, offer a service or do both. In this case, the purpose of the business is a service.

In group two, I have decided to look up Virgin. I am going to answer the same questions above (as the same as group one)

I have used the internet to help me answer the questions. I have research that Virgin is a leading branded venture capital organisation, is one of the world's most recognised and respected brands. Conceived in 1970 by Sir Richard Branson, the Virgin Group has gone on to grow very successful businesses in sectors ranging from mobile

telephony, to transportation, travel, financial services, leisure, music, holidays, publishing and retailing.

Virgin has created more than 200 branded companies worldwide (making it a global organisation), employing approximately 50,000 people, in 29 countries. Revenues around the world in 2006 exceeded £10 billion (approx. US\$20 billion). Virgin is an immense organisation and is a LTD, meaning that it is a private limiting company. The purpose of the business is to make a profit, just like any other organisation.

In group three, I have chosen to gather information about BMW. I am now going to go through the same procedures as the other groups to answer the questions, using the internet for information.

BMW Group activities worldwide are co-ordinated from the corporation's head office in Munich. A city landmark, the "four-cylinder" tower at the Olympic park is the nerve centre for an organisation which covers over 150 countries.

The worldwide production network of the BMW Group is the backbone for growth in all our global markets. Thanks to the close cooperation between all of the plants, manufacturing takes place quickly and flexibly. This creates significant advantages in the international market. The BMW Group currently has 15 production and assembly plants, in seven countries:

I am now going to research about Cheney School.

School Location

We are located at the top of Headington Hill, between South Park, which overlooks the ancient university city of Oxford, and the new Oxford Brookes University.

CHENEY SCHOOL
HOW TO FIND US

OXFORD

South Park

Headington Hill

Oxford Brookes University

Mansel Avenue

Wentworth Lane

Cussey Road

Jillye Road

St Clements St

To High St

To London

We had 1500 students on roll in September 2006, including 330 in Years 12 and 13 (the 'Sixth Form'). We are committed to improving all students' levels of achievement, through a broad curriculum and a wide range of extra-curricular activities, and have an experienced and highly -qualified staff.

We have recently had a £7M major development programme giving us a modern sports hall, a large assembly hall and new purpose -built accommodation for many departments.

There is at least 150 staff. The organisation is a medium size business. The scale of the business is local. Cheney School is in the public sector which means that it is owned by the government for the benefit of everyone. The purpose of the business is to provide a service.

Task Two

I am now going to prepare a newspaper article using the B-TEC book for help to describing the primary, secondary and tertiary business activities.

All businesses are classified into industrial sectors based on what they do.

- **The primary sector** comprises all business involved in producing raw goods, such as farming and mining.
- **The secondary sector** is made up of businesses that manufacture or construct goods, such as Dairy Crest or Barrats, the house builders.
- **The tertiary sector** includes all the businesses that provide a service to businesses and/or individuals, such as retailers and banks.

The primary sector

The primary sector contains all those businesses which create or obtain raw materials or natural products from the land or the sea. This sector consists of four main categories. Which are:

Agriculture, hunting and forestry

This category envelops the production of crops, such as vegetables and cereals, and animal farming as well as landscape gardening and horticultural businesses.

Fishing

This sector includes fishing fleets as well as fish farms, such as trout hatcheries, salmon farms and freshwater mussel growers.

Mining and quarrying

This sector includes coal mines, oil and natural gas extraction, quarrying of all types of stone, slate, gravel, sand and clay and salt production.

The primary sector involves growing, extracting or converting natural resources into raw material.

The secondary sector

The secondary section involves all those businesses which manufacture, process or assemble products.

Manufacturing

This consists of all businesses which make or produce goods in the UK, regardless of their size or what they make.

Examples of manufacturing in the UK are:

- **Food products, beverages and tobacco**, e.g. meat and poultry, fish freezing, fruit and vegetables processing, dairy products and ice creams.
- **Textiles and textile products**, e.g. cotton and woollen goods, soft furnishings, carpets, knitted and leather clothes.
- **Leather and leather goods**, e.g. handbags, luggage and footwear

Engineering

Engineers are employed in manufacturing industries, mostly in relation to the design and functioning of machinery and equipment. Light engineering companies make small items where precision is significant, such as scientific equipment. Heavy engineering companies make goods comprising large sections of metals, such as ships and cranes.

The secondary sector manufactures goods. It converts raw materials into products for sale to businesses and private individuals.

The tertiary sector

This sector includes every type of business that offers a service.

- **Private services** are purchased by businesses and individuals. They are offered by privately businesses including retailers, accountants, banks, communications companies, consultants, private clinics and hospitals, publishers, transport and distribution firms, travel agencies and many others. Private businesses need to make a profit to survive so will only sell goods at a price that enables them to do so.
- **Public services** are provided locally and nationally by the government and local authorities, for example education, emergency services, housing, law and order, defence and military activity, social services, local planning, recreational facilities and so on.

United Kingdom are 85% self sufficient in lamb, they struggle to compete with New Zealand imports which are plentiful, cheap, and popular with customers. England finds it hard to compete as the pricing is cheaper in New Zealand and the quality is by far better. This is because of the flooding which made the prices to rise. So, United Kingdom loses out on profitability and therefore is not successful.

An economic profile of Oxfordshire

The purpose of this economic profile is to contribute statistical evidence to the analysis and debate concerning the future development of the county's economy.

(NOT FINISHED!!!!!!!!!!!!!!!)

The growth and decline sectors

I am going to demonstrate the areas of growth and declines in the primary, secondary and tertiary classifications of business activities.

Classifying businesses means that it is easier to discover trends in diverse sectors and industries and contrast these. Business may change what they do, for a variety of reasons:

- Businesses are concerned towards profitable activities and away from unprofitable ones.
- Inexpensive foreign imports can compel the closure of some British companies, such as shoe and textile manufactures.
- Technological developments change the demand for goods and services- such as computer preservation services and internet service supplier.

This has two effects:

- Whole sectors can grow or decline.
- Within diverse sectors, certain types of businesses may flourish whilst other may not.

The primary and secondary sector tends to be declining in the United Kingdom whilst the tertiary sector is growing. Most businesses in the UK are privately owned – over 4.3 million. They employ over 22 million people.

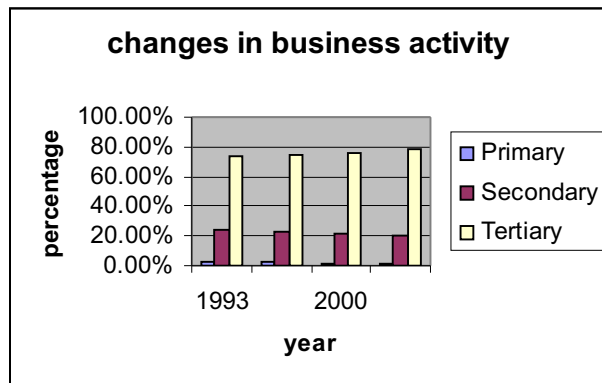
Once, most people in Britain worked on the land. Then the United Kingdom led the world into manufacturing. Today, we import most of our manufactured goods from abroad and more people are employed in the tertiary segment.

Each and every business produces output. A Fisherman's output is the numeral of fish caught, a manufacturer's is the figure of goods made and a retailer's is the number sold, and so on. It is possible for the output of a segment to be growing but for the sector to be declining in relation to other sectors. This is the case in manufacturing in Britain. Output has significantly and immensely augmented because of contemporary technology and superior efficiency – so even more goods are now made by fewer people. However, manufacturing's share of output in relation to the other sectors has fallen immensely as you can see by the table below. (I got this data from the B-TECH book).

Year	Primary (%)	Secondary (%)	Tertiary (%)
1993	4.1	28.9	67.0
1998	4.0	28.7	67.3
2000	3.5	26.5	70
2003	3.1	22.5	74.4
2005	3	22	75

- Approximation share in Britain output by sector.

This is how the changes in business activity Bar graph looks like.



The UK has a low proportion of populace working in the primary industry. The number of people employed in the secondary sector is deteriorating. This is because smaller quantities of people are needed to work in factories as robots are taking over jobs. The tertiary sector is the most important intensification area. An immense proportion of people tend to work in hospitals, schools, offices and financial services. Also, as people have more free time and become more affluent, there is a greater demand for leisure services, hence more jobs become obtainable in the tertiary sector because of mechanisation. Machinery has taken over jobs in the primary segment. Also, as primary resources have become fatigued (e.g. coal) the UK now imports a substantial amount of its non- renewable energy.

Task 3

Purpose of setting aims and objectives for businesses

I am now going to prepare a presentation on the purpose of setting aims and objectives for businesses.

Every business has aims they want to achieve. These are enduring visions or goals of a business.

The aims of a business could be for: Growth, Survival, Profit maximisation, Expansion of market share, Service provision, Relationships with other businesses and Break even.

The aims of a business

- Confidentially owned businesses aim to achieve a profit and most will want to intensify each year. Some will aim for profit maximisation, which means making as much profit as possible.
- If trading is complicated, for some reason, then achieving profits may be unrealistic. In this situation, the business may aim to survive, until this improves.
- One method of surviving is to aim to break even over a certain period of time. This means making sufficient money to cover the total costs concerned in

producing and selling the goods or services and running the business. There is no profit, but there is no money lost, either.

- The business might aim for growth, so that it sells more goods or services. This may mean expanding by opening other branches or buying out a competitor.

Even though a business may have more than one aim, it is rational not to have too many. Most focus on two or three which are suitable to the main purpose of the business.

Business objectives

The definition of objective is: objectives are specific, measurable targets to help achieve an aim. Businesses are unlikely to achieve their aims if objectives are not met. This is because aims tend to seem devastating. They are simple to accomplish if they are broken down into smaller steps.

The purpose of setting aims and objectives is to gain a profit or to achieve goals. Aims are set to provide a focus for the organisation. The aims and objectives will always link to the main purpose of the organisation. The most important objective is to make a profit in order to survive. If a business does not make a profit it will go bankrupt and have to close down.

I am now going to distinguish between the aims and objectives in public and private sector organisation.

Aims and objectives are intended to assist an organisation to accomplish its vital purpose and provide a focus for staff. They vary between organisations in dissimilar sectors because these businesses have diverse purposes.

- Private sector businesses offer goods and services and must make a profit in order to survive. They can only break even (or make a loss) for a very short period of time or the business would have to close.
- Public sector businesses are possessed by the state and provide many vital services free of charge and others at or below cost price.

Some businesses will not try to make a profit at all. This is either because they are a charity or they are in the public sector.

Charities and public sector businesses need to earn enough income to cover their costs. In this case their objective is to achieve a surplus. This is put back into the business.

I am going to compare and contrast ST. Bartholomew's and BMW aims and objectives.

Aims are the long term visions or goals of a business. Objectives are specific, measurable targets to help to achieve an aim.

Aims for BMW:

- To increase profit
- To increase market share

- To survive
- To be more environmentally friendly
- To support charities

Aims for ST.Bartholomew:

- Operate within budget (To break even)
- To provide a service
- Improve service provision

The difference is that:

Public and private companies have different aims and objectives to achieve there goals.

St. Bartholomew's is a public limited company meaning that it is a service and a partnership. Public means that they are owned by the government for the benefit for everyone. BMW is a private limiting company. Private means that these businesses are run for the benefit of the people who own them. The two companies contrast from each other because they are both in dissimilar categories.

The similarities are that:

They both have to break even. They both have aims and goals they want to achieve. Also, they both want to keep there costs low.

Objectives for BMW:

- Increase sales
- Increase number of costumers
- Reduce costs

Objectives for ST.Bartholomew:

- Keep costs low
- Meet customers targets (e.g. patient waiting times)
- To provide a quality service to the community

I am now going to compare and contrast the two company's objectives. Objectives are targets to be attained. These are communicated to staff and department who then know which targets they must achieve for the business to realise its aims.

The difference in the two company's objectives:

The main difference in the two companies is that BMW's main purpose is to achieve a profit, whilst St. Bartholomew main purpose is to provide a service. Both of these purposes are different, meaning that the objectives must also be dissimilar.

The similarities are that:

Both company's want to keep there costs low and they both have something relating to the customers. Also, they both have aims and goals they want to achieve.

How do their similarities and differences relate to the type of ownership, size of business and business activity?

St. Bartholomew's is in the public sector and BMW is in the private sector meaning that their aims and objectives will differ.

Task 4

I am now going to construct an organisation chart for Cheney.

The main functional areas within business organisations

I am now going to describe five functional areas and their main purposes within the business organisation.

Even in the smallest business a number of key tasks, or functions, must be done frequently. Stock must be brought, bills must be waged, customers must be served and customer's enquiries must be answered. In a miniature firm all these jobs may be done by one or two people. In an immense organisation, people specialise in different tasks. For example, Tesco and Sainsbury's have buyers to purchase the stock, accounts staff to pay the bills, checkout staff to serve customers and customer service staff to answer queries. All businesses have key functions to carry out, such as dealing with customers and paying bills.

<u>The different Functional areas in business organisation are:</u>	
Sales	Marketing
Production	ICT
Finance	Human resources
Distribution	Administration
Customer service	Research and development (R&D)

Functional area relates to a person, area or department responsible for a particular business function, for example, finance, sales or customer service.

The purpose of functional areas

The major purpose of functional areas is to ensure that all vital business activities are carried out efficiently. This is crucial if the business is to accomplish its aim and objective. In addition, precise area will be responsibly for supporting specific types of aims and objectives, for example:

- Sales and marketing will be involved in achieving targets linked to developing new markets or increasing sales.
- Human resources will be concerned in arranging employees training activities and supporting the incessant professional development of all staff.
- Finance will be expected to observe and maintain aims and objectives linked to keeping expenses low to progress abundance of profitability.
- Production will be set targets relating to quality or meeting planned production schedules.

The administrations functions

Administration is a support function obligatory by all the business – and this does not mean doing keyboarding or filing. Senior administrations carry out an extensive variety of tasks, from monitoring budgets to interviewing new staff for their department.

In a miniature organisation, administrators is often a “jack-of-all-trades” who can turn a hand to anything- from checking and paying invoices to keeping the firm’s website up to date. In an immense firm administration may be carried out in every department, rather than just one. A sales administrator may make overseas travel arrangement whereas an administrator in human resources would arrange job interviews.

A summary of the range of tasks administrators carry out is given below:

- Collecting, distributing and dispatching the mail
- Storing and retrieving paper and electronic records
- Organising meetings and preparing meeting documents
- Responding promptly to enquires
- Preparing documents using word processing, spreadsheet and presentation packages, such as power point
- Researching information
- Making arrangements for visitors
- Making travel arrangements
- Making arrangements for events, such as interviews or sales conferences

The marketing function

Marketing is all about identifying and meeting customer needs. Numerous businesses consider this so essential that they are said to be marketing led. In this case, everyone in the organisation is trained to put the customer first- from the production worker, who has to generate high quality goods, to the account clerk, who must respond to a customer enquiry promptly and precisely.

An additional way to comprehend marketing is through the marketing mix which consists of four Ps.

Product- who are our customers? What do they want to buy? Are their needs changing? What products are we offering and how many are we selling? What new products are we planning? In which areas are sales growing- and how can we sustain this? For which products are sales static- and how can we renew interest? What sales are falling and what, if anything, can we do?

Price- how much should we charge? Should we reduce the price at the start to attract more customers- or charge as much as we can when we can? Can we charge different prices to different types of customers? What discounts can we give? What services or products should we give away or sell very cheaply- and what benefit would this bring?

Promotion- how can we tell people about our product? Should we have specialist sales staff? Where should we advertise to attract the attention of our key customers?

How else can we promote the product- should we give away free samples or run a competition? Where and how can we obtain free publicity? Should we send direct mail shots and, if so, what information should we include?

Place- how can we distribute our product(s)? Should we sell direct to the customers or to retailers? Do we need specialist wholesalers or overseas agents to sell for us? What can we sell over the telephone? How can the internet help us to sell more?

All these questions are considered by marketing staff. They start by carrying out market research to discover customer needs. Products are then developed or services offered to meet these needs. If this is done well, it gives the company an edge over its competitors.

It is no use developing new products or services if no one knows about them. Marketing is therefore responsible for the promotional activities which tell the customers what is obtainable, such as by advertising, sales promotions and publicity campaigns.

The company website is a major way of communicating with prospective and definite customers and the style and the content is usually the responsibility of marketing staff who guarantee it is kept up to date. They may also send regular newsletters to registered users of their site by emails. Monitoring the popularity of the website and obtaining information on the customers who can use it may be undertaken by the company or outsourced to a specialist agency.

A summary of the range of tasks the “marketing function” does carry out is given below:

- Carrying out market research to obtain feedback on potential and existing products and/or services
- Analysing market research responses and advising senior managers of the results and implications
- Promoting products and services through a variety of advertising and promotional methods, e.g. press, TV, online, direct mail etc.
- Obtaining and updating a profile of existing customers to target advertising and promotions appropriately
- Producing and distributing publicity materials, such as catalogues or brochures
- Designing, updating and promoting the company website

The sales function

Sales are a critical function for all the businesses. It is useless having outstanding products or services if no one buys them, for that reason, most businesses have sales targets as part of their aims and objectives. Meeting these is the responsibility of the sales staff or sales team.

The job of the sales staff fluctuates, depending upon the industry. Shops that sell basic products, such as chocolates or magazines, do not need to do much selling. Most customers call in to buy something, choose the goods they want, pay and leave.

Customers anticipate more help and advice if they want to buy a complex or expensive item, such as a television or a car. Stores which sell these types of products

therefore need qualified sales staff who are welcoming, knowledgeable and can illustrate and demonstrate their products and link these to the customer's specific needs.

Employing an accomplished sales force is costly, particularly if they are paid bonuses or commission. However, there are many benefits as an effectual sales person can convert many enquires into firm sales and construct strong links with customers to encourage repeat business.

There are strong links between marketing and sales – and in numerous businesses this may be a “joint” department. Sales can pass on imperative customer feedback to help marketing colleagues.

All sales staff should know there are a number of laws that guard customers and comprehend which types of sales activities are authorized and which are not.

A summary of the range of tasks ‘sales function’ carry out is given below:

- Organising sales promotions
- Responding to customers enquires
- Selling the product or service to customers, either over the telephone or face to face
- Preparing quotations or estimates for customers
- Negotiating discounts or financial terms for business customers
- Providing technical advice
- Keeping customers records up to date

The finance function

Most entrepreneurs consider this is the most imperative function in the business. This is because all businesses need a regular stream of income to pay the bills. Finance staff record all the income earned and spent so that the senior managers always know how much profit (or lose) is being made by each product or each part of the business and how much money is currently held by the business. This enables crucial decisions to be made rapidly and precisely because they are based on accurate information. In some cases, this can mean the dissimilarity between the accomplishment or failure of the business as a whole.

In many immense businesses, dissimilar types of financial experts are employed:

- **Management accountants**’ observe department’s budgets and present income from sales, prepare cash flow forecasts and concentrate in analysing day-to-day financial information and keeping senior managers knowledgeable.
- **Financial accountants** are concerned with the preparation of the statutory accounts. All companies must provide a balance sheet and profit and loss account each year, and most construct a cash flow statement as well.
- **Credit controllers** observe overdue payments and take action to recover dreadful debts.

Finance staff supports the accountants by keeping financial records, chasing up belatedly payments and paying for items purchased. Today, virtually all businesses use computer accounting packages to record financial transactions and arrange their

accounts as well as spreadsheets to examine financial data. Some finance departments arrange the payroll and pay staff salaries, but others outsource this to a specialist bureau.

Finally, businesses will often need income to fulfil specific aims and objectives linked to growth, expansion or simply updating their equipment or machinery. These items may be bought from money held back (reserved) from past profits, but usually additional money will be needed. If the business needs to borrow money it will want the cheapest interest rates possible and also want good repayment terms. Deciding where to obtain these funds is a specialist job and normally the task of the senior financial manager.

A well-organized finance function is critical for businesses to accomplish aims and objectives linked to convallescening profits and lowering costs.

A summary of the range of tasks finance's carry out is given below:

- Producing invoices, checking payments are received and chasing up overdue payments
- Recoding money received
- Checking and paying invoices received
- Preparing the payroll and paying staff salaries
- Monitoring departmental budgets to check managers are not overspending
- Issuing regular budget reports to all departmental managers
- Producing cash flow forecasts and regular financial reports for senior managers
- Advising senior managers on sources of finance for capital expenditure
- Producing the statutory accounts each year