

## **Section B – Functional Areas**

In this section I will explain and explore the 7 functional areas of my 2 chosen businesses Sainsbury's and Café Field. These functional areas are: Marketing, Human Resource, I.T and Administration, Finance, Research and Development, Production and Customer Service. Also I will show how each functional area use I.T and how it affects other areas, and relate it to each of the businesses. Moreover, I will explain how they work with other functional areas to improve the business to achieve their aims.

### **Marketing**

Marketing is the process of executing the marketing mix which consists of the 4 P's.

- Product - Involves the actual goods that need to be sold.
- Price - The pricing strategy that the product will be sold at.
- Place - Where the product will be sold eg Tesco's, Currys etc.
- Promotion - Any special offers to attract customers eg. Buy One Get One Free.

Marketing is the business function where they researches the market for information on competitors and customers and how to sell their product. They also advertise their product using a variety of mediums eg. T.V, radio, magazines etc. The research they carry out is called market research and consists of surveys, internet surveys etc. There are 2 types of market research:

- Field Research - where they actually go out and research for themselves which is more expensive but more accurate.
- Desk Research - Where they use other statistics from other businesses to make judgments, but it may not be relevant to their product or it could be inaccurate.

It has to identify, anticipate and satisfy customer needs in order for the product to be successful. The market can be divided up or segmented in niche markets where they share certain characteristics eg, cereal, chocolate but can be divided into different categories.

Sainsbury's being a large business has a well organized marketing area. It is responsible for researching new food product ideas and ways to improve existing ones. They advertise mainly on Television and Bill boards with catchy pictures and slogans to attract customers. They use a lot of special offers to attract customers, and also to compete with other brands.

Café Field on the other hand is a smaller business and therefore not needing a larger marketing strategy that Sainsbury's require. However, over the years Café field did an observation to find out that since there are Muslims in Mayfield he should use halal meat. This demonstrates some sort of market research, also pressure from the government meant that he is forced into selling healthier food to the customers. He advertises by putting small posters around his premises showing special offers and new products.

I.T is used within marketing in Sainsbury's as it provides software to create posters and attractive internet advertisements. Also they can design online surveys and questionnaires to print and use on the streets when marketing a new product. Café Field would use I.T when creating the small posters I said earlier to promote special offers eg "meal of the day".

### **Human Resource**

Human Resources are the part of the business where they select and employ people to join the business as an employee. They also look after the workers and fulfil their needs eg. Pay rise, holiday times. Employers are looking for the best suited people with the right experience or motivation to employ, interviews help find the right candidates and this is known as selection. After they have recruited the right employees they start the process of training which involves teaching them how to use certain equipment safely eg. Machinery, cash registers. Informing them of any rules or regulations within the workplace, giving a brief tour of the premises to identify meeting points for fire drills or emergency exits. Human resources also deal with the pay of the workers and their safety, their personal data eg. Address, telephone number.

Sainsbury's would conduct interviews to find suitable people for various job roles eg. Checkout manager, supervisor etc. Then they would do background checks like seeing how far they are from the work place which influences the travel costs if any, also they have to consider the age as it can have an impact on motivation or expectations and behaviour. They then negotiate a contract with their pay - wages/salaries, before

showing them the workplace - tills, safety cautions and fire exits. Then training them for their specific job role and motivating them to achieve full potential.

Café field may not require recruiting as many employees as it is a much smaller business but enroles students within the school to work as work experience. This is effective as he does not have to pay them and receives extra help when serving the customers. However, he has to train them on how to serve the customers and use equipment eg. Oven, stoves, microwave etc. He also has to make sure they are aware of hygiene, fire exits, work hours and what is expected of them.

I.T can be used in Human Resources in a number of ways. Firstly Sainsbury's could use I.T to:

- Create internet job placement ads to seek recruits.
- Use databases to keep personal employee records safe and updated with convenience and is much quicker.
- Use I.T systems to work the till systems.
- Use intranets at the head office to store mass data on. But has the potential to have a system crash making it very risky.
- Create application forms for any interested people to apply for a position.

Café field does not require the extensive use of I.T in their human resources department. This is because they do not recruit as many people and as often as Sainsbury's. But they may use I.T to create application forms to students for work experience placement offers.

### **I.T and Admin**

I.T and Admin is a vital part of a business as it deals with such issues like keeping records of employees up to date and carry out day to day activities such as clerical work which includes filing and using I.T which I will explain later. They also provide back up data for the rest of the functional areas.

Sainsbury's would use Admin when keeping record of their employees such as their ages, addresses etc. They also answer telephone calls and keep other business functions informed and up to date on business terms.

Café field however does not require the depth of Admin and I.T used by Sainsbury but still keep files on important number, addresses etc.

Sainsbury's would store information on drives which can be backed up regularly incase of a system crash. Using I.T has many advantages.

- Safer to use - Avoid theft as they are not stored in insecure filing cabinets. Use of anti virus software and firewalls stops hackers from stealing data or corrupting it.
- Quicker and more efficient as there is no need to write documents out by hand which wastes time and effort of the employee.
- If there were a fire, the cabinet would be destroyed making it difficult to retrieve and restore the data back.

Programs like Excel, Database are commonly used and most likely used by Sainsbury's to keep data more efficiently. The use of I.T also means any formulas for spreadsheets can be calculated instantly with no errors. I.T and admin also provide equipment like CCTV cameras and have technicians (skilled I.T workers) to fix or set up any I.T systems eg. P.Cs, CCTV cameras and servers etc.

Café field on the other hand is much smaller and may not have this department, although they may use simple databases for keeping track of finance and important contact details of employees or close partners like his food chain supply manager. Their administration may be simple telephone calling and emailing to partners so they may not need a large intranet to store mass data on safely.

### Finance

Finance is another main function of a business, it involves mainly to do with the businesses money. This means they keep track of the businesses money in a number of ways:

- Decide employee wages/ salaries.
- Keep track of money coming in (income) and money going out (expenditure).
- Any budgets that other functions may need.
- Work out profit and loss accounts.

Finance is also to do with selling shares and what percentages do the shareholders have and the money they will receive. They also manage bank loans, lenders and capital structure which are the sale of bonds mixed with equity financing and assets keeping.

Sainsbury's being a large business have to manage their money carefully as there are millions of pounds at stake if the wrong financial

decisions are made. Since Sainsbury's have a very large profit they need to keep track of all of it starting from the shop floor to the head office.

They also need to work out accurately their profit and loss account at the end of the year to compete with competitors like Tesco. Moreover, they use finance to manage their employee wages/ salaries and shareholders share prices.

Café field would keep track of day to day expenditure like buying raw products eg tomatoes, bread, sausages etc. and also use a pricing strategy where he buys the raw ingredient very cheap and sell the finishes product for more to make profit, so at the end of the day all these profits are totalled up to find his income for the day. If certain products aren't selling well, he may reduce its selling price or get rid of it and find a new product to sell - then he starts the process of strategic pricing again by working out the cost to make the finished goods and selling it for more. Cafe Field also have to consider their workers and sort out their pay/wages. They also manage budgets to be used on ingredients or other necessities like kitchen utensils and propane tanks to heat up the ovens.

I.T can be used in Sainsbury's by organising and using formula's when dealing with money by the use of a spreadsheet in the software Excel. Moreover, databases can help organise stocks and shares and can update themselves for convenience or automatically back themselves up to an external drive in case of emergency like a fire, system crash or an internal error cause by human error entering wrong digits that can severely affect important figures so it's a good idea for Sainsbury's to back up data using I.T for safety. Moreover, I.T overall help the finance department the most as finance needs long formula's and figures that need to be work out regularly as the business is quite large. So fast computers and servers help speed up the process of tracking Sainsbury's cash inflow and outflow. This can also be related to Café field where they may use similar I.T programs to keep track of their finances but may not need the large intranets or data back up. In fact just a folder would do nicely to track sales but it can easily get lost or damaged.

### **Research and Development**

Research and development is the business function, it involves production and marketing. Production is used in Research and development to create the production line and the design of the actual product. Moreover, marketing is used to research the product by looking at local technology and competitors. Research and development is responsible for

improving existing products e.g. Playstation1 was continually improved to create today's model Playstation3. Sony did research into other competitors like Xbox and Nintendo to create something that could compete in that market.

Sainsbury's continually carry out Research and Development to improve on their recipes that they currently have. Also the adverts which are endorsed with Jamie Oliver promote more for less adverts which show the quality and cheap prices that Sainsbury's offer. He also makes leaflets available at stores, on new recipes that are low on cost, and can feed a family. Sainsbury's expensive range is Taste the difference - where quality is guaranteed, the R&D department have to research quality ingredients from organic farms/plantations and be fair trade. They would also need to look at the other brands quality like Tesco and try to match and exceed it when they improve that product. They also need to develop their new product according to their research for example if they improved their pasta they need to use their research to find out what needs improving of that pasta and how they can achieve this which demonstrates Sainsbury's using Research and Development.

Café field however, may not need to regularly update and improve their existing products unless they don't sell or have complaints about them. But when he does need to improve his products he needs to find out why, by maybe asking regular customers (students) for advice or any improvements necessary for his goods. Then he makes the required adjustments which enables him to compete again with his competitors.

I.T can be used to help Sainsbury's in Research and Development. To get ideas and improvements from customers they could use their web site to set up forums to discuss fresh ideas, customer complaints, customer satisfaction and improvements to existing products. This would be the best way of gaining information fast about consumer's satisfaction levels of their product range. Which is important as they want to fulfil consumers, because if they don't they would lose many customers due to Sainsbury's not responding to the issues presented to them through the forums about their products.

Café field may use the Internet to research more into products and how to improve on quality without making the finished product too expensive as his target audience would not buy from him.

In this next section I will show you how these functional are as achieve the aims and objectives set by both businesses.

The aims and objectives:

Sainsbury's Aims & Objectives.	
<u>AIMS</u>	<u>OBJECTIVES</u>
<ul style="list-style-type: none"> <li>• Exceed customer expectations.</li>   <li>• Ethical Trading.</li>   <li>• Environmentally friendly.</li> </ul>	<ul style="list-style-type: none"> <li>• Using quality raw materials and become more environmentally friendly, also improve health and hygiene.</li>   <li>• Uses British produce that's local- which is more environmentally friendly as it doesn't have to be imported. Support fair trading for foreign produce.</li>   <li>• Free bags for life and reuse carrier bags reward schemes.</li> </ul>

Café Fields Aims & Objectives.	
<u>AIMS</u>	<u>OBJECTIVES</u>
<ul style="list-style-type: none"> <li>• Profit maximisation.</li>   <li>• Offer new types of food.</li>   <li>• Environmentally friendly.</li> </ul>	<ul style="list-style-type: none"> <li>• Buying in bulk, Employing right number of Students.</li>   <li>• Use a survey to find out what one is popular and the cost to buy.</li>   <li>• Could use recycling bins around his premises.</li> </ul>

Firstly I will start with Sainsbury's, to exceed customer expectations 4 main functions are used Research and Development, production, Admin and I.T and Finance.

R&D - Is used to find out if anything is wrong with the customers and why with the use of forums and online live chat with operators.

Production - Production then takes over, they would use more quality raw materials (ingredients) and design a new and improved recipe to satisfy the customers.

Admin & I.T - Then would arrange shop floor cleaners to keep the store tidy and therefore meeting the expectations of health and hygiene.

Finance - Would be involved when purchasing recycling containers for the stores nationwide (paper, bottles, plastics etc.) they would need a budget to work on so they would use spreadsheets to work out the costs and put it in the outcome section to be organised and accurate when working out the end of year turnover.

To be environmentally friendly a few business functions would be needed, Admin & I.T, marketing and Finance.

Admin & I.T - Distribute the free bags for life around the nation and communicate using telephone or email on how much each store would like to keep stock on.

Finance - would need to buy the bags first from a supplier then they may need to use production to print their logo on it. This is how they would meet the aim to become more environmentally friendly.

Marketing - Would need to create attractive adverts, posters to promote the bags for life to the customers.

Moving on to Café field. For café field to profit maximise they would mainly be using Finance, Production and Human Resources.

Finance - source their raw materials from somewhere cheaper and buy in bulk to save money.

Production - Gary would need to find cheaper production alternatives if he would like to save some money producing the final product.

H&R - Gary would take on local 6<sup>th</sup> formers to work as work experience which saves him a lot of money as he does not have to pay them. These functions help him to profit maximise.

To enable Café Field to offer new types of food he needs 3 main functions, Marketing, Finance and Production.

Marketing - He needs to conduct some sort of research to find out what sort of new product his customers want to buy, he may just ask



random students when he has the time or he may do an actual survey for more accurate results rather than just take a few students opinions.

Finance - To consider if another product is the right financial choice and if he can afford it, also a budget for the new product would help.

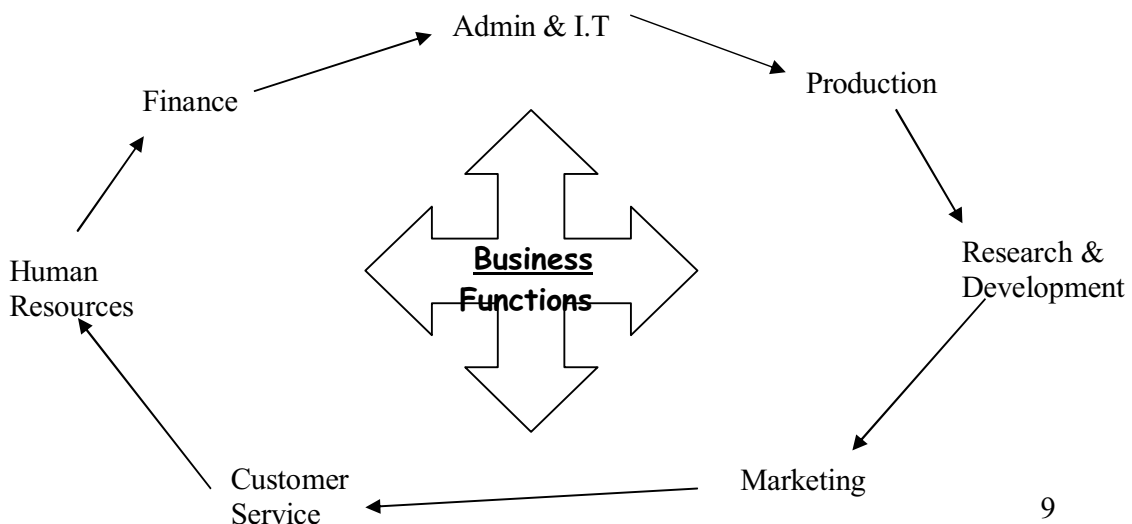
Production - He need to prepare the food into the finished product to sell, he also needs to make production cheap as possible as if it were expensive it would it off potential customers.

I.C.T helps the functions reach their aims in a number of ways, firstly it provides vital communication link in which important information can be passed along. Email, telephone, fax e tc. are all forms of communication and are critical to send information over such as spreadsheets and timetables. If there was a break down in communication there would be a lot of confusion within the areas as there is no information going in or going out which poses a huge problem from a businesses point of view as they cannot get any work done and ultimately cannot meet their aims on time.

Also intranets offer back up with antivirus to stop any potential risks like some one hacking and destroying the system or in case of some sort of system failure the data is still intact and recoverable. This means any information like survey results are still in one piece which saves them from having to repeat the survey which cost money, wastes time and delays production as they have no information from marketing to base there product upon.

Sainsbury's also use barcodes, scanners, pin codes to make customer shopping quicker and more efficient. To make the I.T system of barcodes and scanners they needed a budget from Finance which allocated a certain amount for the nationwide stores to spend on newer technology to make Sainsbury's shopping more easier.

In my personal opinion the businesses functions have worked well together in both of my chosen business with the use of I.T, they also work well together as they integrate with each other:



The diagram represents the business functions being integrated which means they rely, depend and work together. If one of them were to be removed it would be a disaster for the business as they all depend on each other.

For example if Sainsbury's didn't have finance - who would keep track of profits and they would also struggle giving budgets to other functions like marketing for lets say a television advert. Moreover, without finance how are they going to compete if they cannot keep accurate accounts on the money inflow and outflow, especially with no one to update their spreadsheets. This would create confusion and if not sorted out the company may begin to spend too much as they have no advise from the financial advisors. This would make the business lose money and in the worst case become bankrupt.

Another example for Café Field is that if the Human Resources department wasn't in full function or didn't exist it would cause complications for Gary as he cannot employ anyone to work or even use local students for work experience. This means he is stuck with the job on his own, this can be an advantage as he keeps all profits but there are also disadvantages like his work load may stress him out as he has to handle all the customers at the same time which includes preparing food, accepting payment, handling the queues and giving necessary change. Where as if he had part time workers he could share the work load and create a quicker system of payment and preparation of the products, which ultimately reduces queue time which in turn help him compete. This shows how collapsing one functional area can severely affect the owner s and the rest of the business.

If Customer Service did not exist on Sainsbury's it would cause many implications to the business. They will lose profits and sales because there are no dedicated team to deal with customer requests, complaints, and suggestions. If customers have nowhere to complain and resolve the issue, they are more likely not to purchase from Sainsbury's again, which reduces the popularity as that that person may pass on the negative feedback they experienced to friends and family. Moreover, if suggestions cannot be passed onto R&D, Sainsbury's cannot improve their existing products. This leads to particular products being taken off the shelf as the public cannot help Sainsbury's - who are unaware of the issues - to improve them.

Although the I.T systems employed by the business functions make it more efficient and easier for them to work together, some aspects can be improved:

Change/Update system - Could upgrade to a better system like Vista Business to improve efficiency and ease with new software and new programs.

Online - Have a better dedicated server to deal with web page traffic so customers can browse their pages quicker.

Webpage - Improve layout of the web pages to attract potential customers and it also makes it easy to navigate the site incase of elderly users.

FAQ's/ Forums - Acts like an online guide for customers to seek advice or to make complaints. FAQ's are helpful as they save time and money as simple questions can be answered there and the, resolving the need to call customer helpline. Forums are a good way of customers discussing ideas and resolving each others queries in a safe, friendly community based online environment. Having a good FAQ and forum can be both helpful to the customer and the company.

Software - Having the latest software can make all the difference as latest versions tend to have more features for example Microsoft office 2007 is much more user friendly but has the same features plus more than previous versions. So keeping up in software can give the company an edge towards their competitors.

CAD & CAM - Computer Aided Design and Computer Aided Manufacture. This a process mainly used in production. It basically allows products to be made quickly and efficiently using machines and software. This is effective to a business as it allows items to be made cheaply.