



## Introduction

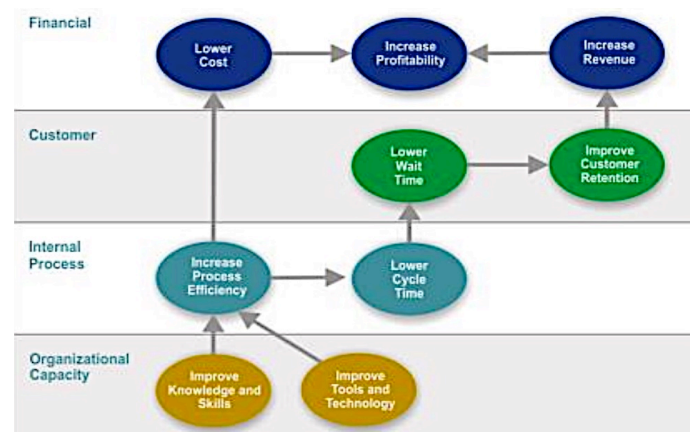
Each company makes certain choices about what it will do to generate revenue, money the company bring in through the sale of goods and services. The result of these decisions is a company's business model, a clearly stated outline of how the business intends to generate revenue. They also may seek a competitive advantage over other businesses, which makes its products more appealing to its target customers.

- Not-for-profit organisations provide goods or services without having a profit motive
- Goods-producing businesses are companies that create value by making 'things' (tangible or intangible)
- Service businesses create value by performing activities that deliver some benefit to customers.
- Businesses add value by transforming lower-value inputs to higher-value outputs. In other words, they make goods and service's more attractive rom the buyer's perspective, whether it's creating products that are more useful or simply making them more convenient to purchase.

The Multiple Environments of Business: every business operations in an overlapping mix of dynamic environments that continuous create both opportunities and constraints

- **Market environment:** targets the customers, the buying influences that shape the behaviour of those customers, and competitors that market similar products to those customers. Composed of three groups: target customers, buying influences and competitors which all affect the business strategy.
- **Legal and regulatory environment:** laws and regulations that restrain, support and protect businesses at local, state, national and international levels
- **Economic environment:** conditions and forces (managed and unmanaged) that affect the cost and availability of goods, services, and labour and thereby shape the behaviour of buyers and sellers e.g. a growing economy can help companies by increasing demand and supporting higher prices for their products, but it can also raise the costs of labour and the materials the companies need in order to do business.
- **Technological environment:** forces resulting rom the practical application of science to innovations, products, and processes that can create and destroy business opportunities.
- **Social environment:** population trends, social values, relationship of society and business. The responsibility of a company to its stakeholders (all those groups affected by its activities, from employees to local communities) is subject of ongoing controversy e.g. the Baby Boom generation occupied a large number of middle and upper management positions, frustrating younger professionals who would like the climb the company ladder and causing many to leave and start their own companies.

The balanced scorecard: the financials of a business is a lag variable – the result of the health of the internal business processes, learning and growth and the customer.



- Key management skills include technical skills, human skills and conceptual skills
- Positives of business: offer valuable goods and services, provide employment, pay taxes and contribute to national growth, stability and security
- Negatives of business: generate pollution, creating health and safety risks, disrupting communities and causing financial instability

- *Management is the process of effectively and efficiently planning, organising, leading and controlling people to achieve the organisation's goals and objectives whilst balancing the demands and pressures of the external environment.*
- Management practices across firms and countries have 3 dimensions – performance monitoring, target setting and incentives and people management.
  - **Performance monitoring:** introduction of modern techniques, process problem documentation, performance tracking, performance review and performance dialogue
  - **Target setting:** target balance, target interconnection, target time horizon, target stretching and performance clarity
  - **People management:** managing human capital, rewarding high performance, removing poor performers, promoting high performers, attracting human capital, retaining human capital and consequence management

Major functional areas in a business enterprise:

- **Research and development:** what products are conceived and designed through. It provides the ideas and designs that allow these firms to meet customer needs in competitive markets. This goes into information technology (IT) systems that promote communication and information usage through the company
- **Manufacturing, production and operations:** concerns whatever the company makes or does. Operations managers are responsible for a wide range of other strategies and decision including purchasing, logistics (coordinating the incoming flow of materials and the outgoing flow of finished products), and facilities management.
- **Marketing, sales, distribution and customer support:** marketing is charged with identifying opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices. The sales function develops relationships with potential customers and persuades customers to buy the company's goods and services. Distribution can be involved both before the sale and after the sale. Customer support goes to making sure customers have the support and information they need.
- **Finance and accounting:** ensures the company has the funds it needs to operate, monitor and control how those funds are spent and draft reports for company management and outside audiences such as investors and government regulators. Financial managers are responsible for planning and accounting managers are responsible for monitoring and reporting.
- **Human resources:** responsible for recruiting, hiring, developing and supporting employees. Also charged with making sure the company is in compliance with many laws concerning employees rights and workplace safety.
- **Business services:** exist to help companies with specific needs in law, banking, real estate and other areas. These services can be performed by in-house staff, external firms or both.