UNICOURSE

Unit 1: Business and the Business Environment (Core)

The Business Environment

Assignment 1&2: Information Pack

Pearson BTEC Level 4 Higher Nationals in Business (RQF)

Unit: 1

Assignment 1&2: Information Pack

Learning Outcomes 1 to 4

The Business Environment

INTRODUCTION

The aim of this unit is to provide students with background knowledge and understanding of business, the functions of an organisation and the wider business environments in which organisations operate. Students will examine the different types of organisations (including for profit and not for profit), their size and scope (for instance, micro, SME, transnational and global) and how they operate.

Students will explore the relationships that organisations have with their various stakeholders and how the wider external environments influence and shape business decision-making.

The knowledge, understanding and skill sets gained in this unit will help students to choose their own preferred areas of specialism in future studies and in their professional career.

This information pack is designed to give you the information and guidance that you will need to complete your assignments for this unit. In particular this information pack will look at the first 2 learning outcomes which make up assignment 1, these being;

1. *Explain the different types, size and scope of organisations.*
2. *Demonstrate the interrelationship of various functions within an organisation and how they link to organisational structure.*

Consumer Goods

A consumer good is any good purchased for consumption and not used later for the production of another consumer good. Consumer goods are sometimes called final goods because they end up in the hands of the consumer or the end user. When economists and statisticians calculate gross domestic product (GDP), they do so base off consumer goods.

Examples of consumer goods include food, clothing, vehicles, electronics, and appliances. Consumer goods fall into three different categories: durable goods, nondurable goods, and services. Durable goods have a lifespan of more than three years and include motor vehicles, appliances, and furniture. Non-durable goods are meant for immediate consumption with a lifespan of less than three years. They include items like food, clothing, and gasoline. Consumer services are not tangible and cannot be seen but can still give consumers satisfaction. Haircuts, oil changes, and car repairs are examples of services.

Business Scope

The scope of a company could be defined as the domain of the business, the part of the business landscape in which the company operates. In essence the scope is all the activities a company is involved with as well as where is operates geographically and who it targets.

the company's scope encompasses three dimensions—the target customer or offering, geographic location, and vertical integration (that is, whole product). E ach dimension may vary in relevance (for example, the customer may be more important than geographic location). Clearly defining the boundaries in each area should make it obvious which activities to concentrate on (and which ones to avoid).

The company's scope does not determine exactly what should be done within those boundaries, as there is room for experimentation and initiative. However, it should specify where the company or business will not go. This will prevent employees from wasting resources on projects that do not fit the corporate strategy.

A definition of a company's scope can usually be found within its strategy and its value and mission statements which we will talk about shortly.

A simple example of the scope of a company you may know could be that of Starbucks.

SCOPE;

- Starbucks operates in over 50 countries around the world with almost 30,000 stores
- Starbucks is the premier roaster and retailed of speciality coffee in the world
- Starbucks records that each of its stores received on average 500 customers per day
- Starbucks holds a market share of 39.8% of the market share for coffee in the USA

Goals and Objectives

Successful businesses are based on both **goals** and **objectives**, as they clarify the purpose of the business and help identify necessary actions. Goals are general statements of desired achievement, while objectives are the specific steps or actions you take to reach your goal. Both goals and objectives should be specific and measurable. Goals can involve areas such as profitability, growth and customer service, with a range of objectives that can be used to meet those goals.

Business Profitability Objectives

A common business goal is to run a profitable operation, which typically means increasing revenue while limiting expenses. To reach this goal, objectives could consist of increasing annual sales by 10 percent or landing three new accounts each month. Expense objectives could involve finding a new operating facility that decreases your rent by £200 a month or cutting monthly utility bills by 15 percent.

Customer Service Objectives

Customer service goals could include reducing complaints by 50 percent over one year or to improve resolution times to customer complaints to a minimum of one business day. To meet customer service goals, objectives could include increasing your customer service staff from one to three workers by the end of the year or implementing a policy where customers are guaranteed to receive a return phone call before the end of the business day.

Retention of Employees

If you've experienced a problem with employee turnover, your overall goal could be to improve retention. To make this goal specific, you could measure the current turnover rate, like one employee in five leaves after three months, and decide to double this figure to six months. Objectives to meet this goal could include implementing a training program that details new-hire activities for the first 90 days on the job. You also could implement one-on-one bi-weekly meetings with your employees in an effort to build rapport and find out what's on their mind.

Efficiency of Operations

Another goal could be to become more efficient in your business operation as a way to increase productivity. To improve efficiency, you could set a goal of increasing shipping times from three days to two days. Objectives to meet this goal could include finding a new shipper or improving production times to have units ready to ship before 10 a.m. each morning.

Growth of the Business

Perhaps your goal is to grow your business operation. If you own a franchise unit, for example, your goal might be to open three more units within a five-year period. If this was the case, your objectives could include scouting a new city once each quarter or reducing your franchise fees by 25 percent for the next six months.

Vision and Mission

A company will also have a vision and a mission statement. A company's vision statement will be reflective of their desired future state or the aspiration of that organisation. Whilst the mission is the overriding purpose in line with the values or expectations of stakeholders.

To put all of this into perspective take a look at the example below;

Mission Statement – To be healthy and fit

Vision Statement – To run the London marathon

Goal – Lose weight and strengthen muscles.

Objective – Lose 5 kilos by 1 September and run the marathon next year

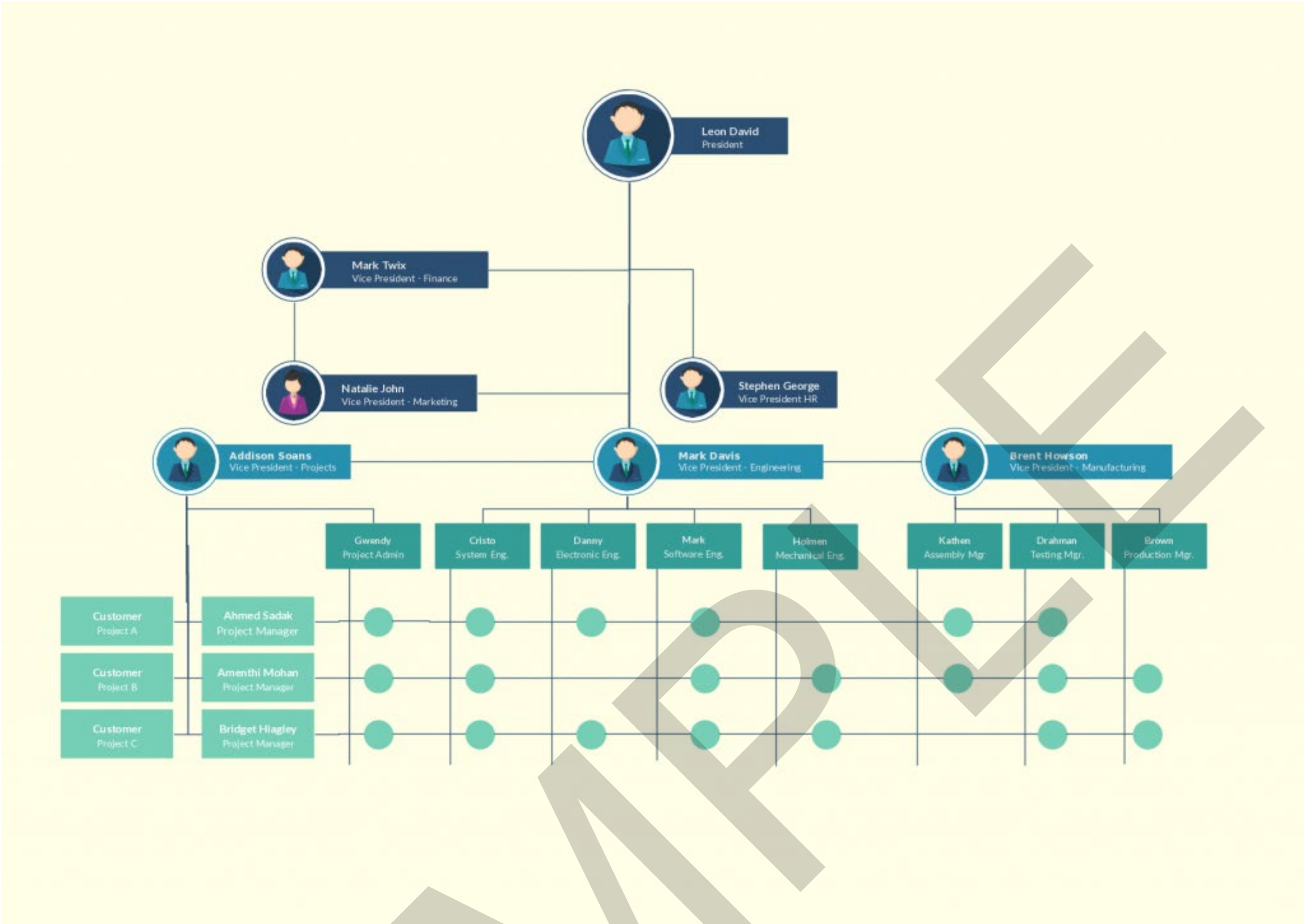

Figure 4 Matrix Structure

Horizontal/Flat Structure

This is an organizational chart type mostly adopted by small companies and start-ups in their early stage. It's almost impossible to use this model for larger companies with many projects and employees.

The most important thing about this structure is that **many levels of middle management are eliminated**. This enables employees to make decisions quickly and independently. Thus, a well-trained workforce can be more productive by directly getting involved in the decision-making process.

This works well for small companies because work and effort in a small company are relatively transparent. This does not mean that employees don't have superiors and people to report. Just that decision making power is shared and employees are held accountable for their decisions.

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