**Functional Areas of Business**

Nate Bachmeier

MGMT 512: Management

University of Phoenix

August 3rd, 2015

Facilitator: David Rollins

Functional Areas of Business

Organizations are formed for the purpose of achieving a mission. In order for them to be successful in this effort, several core functional areas of the business need to be carefully managed. By having management in each of these areas sets the direction, ensure policies are followed, and align the broader goals and objectives with the mission.

# Legal

Society defines the rules which govern fair, ethical, and reasonable behavior through laws and legal requirements. Businesses which operate within a society need to follow these rules or face: prohibition, fines, and bad publicity.

The management role exists to translate the business strategy with the legal team. They work together to identify any potential issues, and build a plan to mitigate them beforehand. Afterwards the manager is responsible for delegating tasks to their team and signing off on their completion.

# Human Resource Management

Without the right team there to support the organization, it is unlikely to reach its full potential. Management’s role is to select the team members and make sure the employee follows the expectations of the company.

For example the company may have a dress code, or require that customers of foreign governments be treated in a specific manner. Expectations can also include training requirements, such as all senior engineers needing an MBA.

Another role of management is to keep the teams and departments right sized. If there is too much work or not enough, hired or conversely lays off may be required.

# Leadership

Even an organization full of talented employees will find itself in a chaotic state; without management to communicate direction, provide inspiration, and cast the final vote.

In the leadership role of communicator, the manager has a unique perceptive on how their teams work aligns with the broader direction of the company (Nickels, McHugh, & McHugh, 2013). They are also tasked with reporting status and managing to their superiors. This enables clear expectations and reduces surprises as projects progress.

Typically a manager will not do the tasks which are assigned to their team. Instead they provide inspiration and guidance on how these tasks could be performed. They produce moral support and encourage their individual contributors to accomplish more.

# Accounting and Financing

Without accounting an organization would have no visibility into their spending, collections, assets management, or payroll processing (Raiborn, 2010). This creates the need for a management role to oversee those aspects of the business.

Not only does management need to keep the accounts balanced, they also need to perform periodic auditing to protect against fraud or embezzlement.   
 Accounting addresses the daily rhythm of business in terms of money and securities, while finance addresses the sustainability of the business. Financial management includes tasks such as lining up credit for expansions, creating departmental budgets, and investing or saving money as appropriate (Raiborn, 2010).

Middle and front line management fills the role of ensuring the budgets are followed by approving line items and out of band expenditures. They decentralize the approval process while still protecting against frivolous costs.

# Economics

There are external forces which push the organization in certain directions. These forces include demographic, interest rates, social and political changes and uncertainty (Robbins & Coulter, 2012).

Management is responsible for understanding these forces and incorporating those trends in their planning and forecasting. For instance during the 2009 recession most people had less disposable income. Management needed to identify this trend and offer discounts to attract customers.

# Research and Statistics

Business telemetry is the eyes of an organization, without it the leadership is flying blind and is unlikely to operate efficiently. Management’s role is to identify Key Performance Indicators (KPI) which can tell which direction the company is headed (Buzalka, 2010).

Next management creates a plan to ask the questions to “stakeholders such as customers, investors, partners, and senior leadership (Robbins & Coulter, 2012)”; then collect the data to answer the KPI metrics.

Finally management needs to report which trends need more work. This might involve organizing a virtual team to drill further into root cause analysis.

# Operations Management

Most organizations require inputs and outputs in the form of goods and services through supply chains. For instance Intel consumes a large supply of silicon to produce its microchips.

Management is responsible for keeping the input and outputs at a sustainable level (Kleindorfer, Signhal, & Van Wassenhove, 2005). If this insufficient inputs are provided profit margins can be reduced as volume discounts are not obtained, or customer order go unfilled. Conversely if supply is not drained efficiently the business will have depreciating assets and lose liquidity of its cash flow.

# Sales and Marketing

Armstrong describes marketing as “the art of selling the brand, products, or services to a customer base (Armstrong, 2011).” An organization that does not correctly apply marketing strategies, there will have difficulties reaching sales goals and advertising its products.

Management’s role is to leverage sales data and determine what purchasing trends are available. They need to create an environment where customers want to do business and feel they received a good deal. Lastly they need to work with research and statistical departments to understand the customer and roll out products that are needed in the market place.

# Strategic Planning and Implementation

Each functional area addresses a different aspect needed to efficiently run a business. To bring coherency across the areas strategic planning is needed to build the overarching plan.

In this capacity management has the role of defining the grand vision and establishing the broad direction of the company or product line.

For instance according to Gerstner, IBM was losing hundreds of millions of dollars every quarter. His office created the strategic plan of unifying duplicate internal systems, selling underused real-estate, and laying off 45,000 employees. Each of the functional areas then translated this into the needed goals and task level objectives required to deliver this (Gerstner, 2002).

# References

Armstrong, G. (2011). *Marketing: An Introduction 10th Edition.* Pearson Education.

Buzalka, M. (2010, November). *Why KPI.* Retrieved from Food Management: http://search.proquest.com.contentproxy.phoenix.edu/docview/786397261

Gerstner, L. (2002). *Elephants Can't Dance?* Harper Business.

Kleindorfer, P., Signhal, K., & Van Wassenhove, L. (2005, Winter). Substainable Operations Management. *Production and Operations Management*, 482-492. Retrieved from ProQuest: http://search.proquest.com.contentproxy.phoenix.edu/docview/228764679

Nickels, W., McHugh, J., & McHugh, S. (2013). *Understanding Business, Tenth Edition.* McGraw-Hill Company.

Raiborn, C. (2010). *Core Concepts of Accounting, Second Edition.* John Wiley & Sons Inc.

Robbins, S., & Coulter, M. (2012). *Management.* Upper Saddle River, New Jersey: Pearson Education Inc.