

Reading:

Read this text on the structure of companies, underline the words you don't know and check their meaning. Then see how much you remember by doing the exercises.

Types of companies

Here is a simplified list of the different types of legal structures for a business or company.

- Sole trader (BrE)/Sole proprietor (AmE): This is a one-person business. The person may describe themselves as 'self-employed' (eg the owner of a small shop), or as a 'freelancer' if they are a professional who works for different clients (eg a photographer).
- Partnership: A group of people who work together as equals (eg a firm of lawyers or architects). They share the risks and the profits.
- Private company: The shares of the company are privately owned, usually by a small number of people. These shareholders typically include the founder of the company, possibly some close family members, and perhaps a few business associates who provided money for the company.
- Public company (BrE)/Corporation (AmE): These are the large companies that are listed on stock exchanges like Germany's DAX, France's CAC or the UK's FTSE. They are called public because anyone can buy their shares.

Notes: - do not confuse a state-owned enterprise with a public company.

- be careful, a society is a group of people involved in a persistent social interaction working together for common interests or tastes. It is a non-profit organization.

Departments

The list of departments below is typical for many businesses – each one corresponds to a business function.

Companies also have other departments related to their own particular business activity.

- Production might also include Purchasing and Quality Assurance (QA).
- Operations refers to all the internal processes of a company and might include, for example, Logistics.
- Sales might also include Business Development.
- Customer Services might include Technical Support.
- Marketing might include Market Research.
- Communications refers to all promotional activities including a strong focus on Public Relations (PR).
- Finance has many subdivisions, such as Financial Control, Treasury, Accounts and Payroll (= managing salary payments).
- Human Resources (HR).
- Information Technology (IT).
- Research and Development (R&D): this is where they imagine and design the products
- Legal.

As well as departments, an international company may also have divisions organized according to geographical area or major product lines.

Individuals within the structure:

The Chief Executive Officer (CEO) runs the company.

The level below CEO is Chief ... Officer, for example Chief Financial Officer (CFO). The CFO is part of the senior* management team. The CFO reports to the CEO. The CFO oversees all the financial sides of the business.

The next level down might be country level for a large international organization, or departmental level. A job title here might be Sales Director or Head of Sales or VP Sales. Usually, the Sales Director liaises closely with the Chief Marketing Officer at Head Office.

Below are people with job titles like Manager, Officer, Coordinator, etc. The words Assistant or Deputy may also occur at any level.

The Business Development Officer is responsible to his or her line manager, the Sales Director.

*Senior people work at a higher level than junior people.

Company culture

The structure of a company is often closely connected to its culture. In a small company it's easier to be dynamic and innovative, whereas in a large company, things are often slow-moving and bureaucratic.

Similarly, if the company is hierarchical (many levels), then people at the bottom aren't allowed to take initiatives without permission from their seniors; decision-making and communication are top-down.

If the structure is flat (few levels), then the flow of information can be more bottom-up.

Answer these questions about the text:

1. What type of companies can you buy stocks (or stock options) in?
Public Companies or Corporations
2. Give a synonym for association.
Society
3. Which department deals with after-sales service?
Customer Services
4. Which department is in charge of the computers and softwares of the company?
IT (Information Technologies)
5. Who is at the top of the company?
CEO (Chief Executive Officer)
6. Who is responsible for any decision concerning the employees' salary and pay stubs (UK pay slips)?
CFO (Chief Finance Officer)
7. In what type of company is it better to work in if you want to get a chance to make decisions and use your initiative?
Smaller companies with flat hierarchy

Exercise 1. Underline the correct word in italics.

1. My brother is a plumber. He's *autonomous* / *self-employed*.
2. The people who own a private company might include the founder of the company, some family members, and perhaps a few business *associates* / *companions*.
3. In a public company anybody can buy the *actions* / *shares*.
4. A public company is *listed* / *posted* on a stock exchange.
5. Our railways were recently privatized. I think the service was better before, when they were a *public company* / *state-owned enterprise*.
6. The Purchasing Department is responsible for *buying parts and raw materials* / *making the final product*.
7. If you have a complaint, please contact *Consumer Services* / *Customer Services*.
8. All recruitment and selection is done by our *Human Relations* / *Human Resources Department*.
9. Innovation is the key to our success and we have recently expanded the *Research and Design* / *Research and Development Department*.
10. In the Legal Department we have three *lawyers* / *advocates* trained in commercial law.
11. It's the CEO's job to *control* / *run* the company.
12. Our Business Development Officer is *responsible for* / *responsible to* finding new business opportunities.
13. I can't make that decision. It will have to be referred to *higher* / *more senior* people.
14. That decision will have to be taken at a *higher* / *more superior* level.
15. In the department there are six Sales Representatives and their *line director* / *line manager*.
16. The Sales Department has to *liaise* / *liaison* closely with Marketing.
17. She *is part of* / *makes part of* a team of designers.
18. I am the Financial Controller, and I *relate* / *report* directly to the Finance Director.

Exercise 2 Complete each sentence with a verb from the box.

answers	arranges	checks	collects	deals	maintains
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1. The Quality Assurance Section **checks** that the products have no defects.
- 2 The Logistics Department **arranges** the transport of goods and materials.
- 3 Technical Support **answers** specific questions from customers about how to use the product.
- 4 The Market Research Section **collects** and analyzes information about the needs of consumers.
- 5 The Accounts Department **deals** with invoices and payments.
- 6 The IT Department **maintains** the computer network.

Exercise 3 Complete the text about operations with the words and phrases in the box.

behind the scenes meet their needs	day-to-day basis recruit	liaise closely step on anyone's toes	makes a profit outsourced
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Everyone knows the functions of company departments such as Marketing and Finance. Marketing is about promoting the company, and making sure that customers can find products that **meet their needs** . Finance is about controlling the resources of a company to make sure that the business **makes a profit** .

But what about Operations? The department name is less well-known, yet many large companies are run on a **day-to-day basis** by Operations Managers. Operations is about the internal processes of a company. In a manufacturing company an Operations Manager will make sure the production process is running smoothly.

In a hotel they are responsible for bookings, front desk, maintenance, etc. In a bank they look after the administration of accounts and other back-office functions. Sometimes these tasks are **outsourced** to other companies, like the fixing of computers can be given to an IT support company.

Operations Managers have to **liaise closely** with people from other departments. In the factory, it is with Purchasing Managers who buy the raw materials. In the hotel, it is with Human Resources Managers who **recruit** new staff. In the bank it is with IT Managers who work **behind the scenes** to keep everything running. So, the Operations Manager has to be careful not to **step on anyone's toes** .