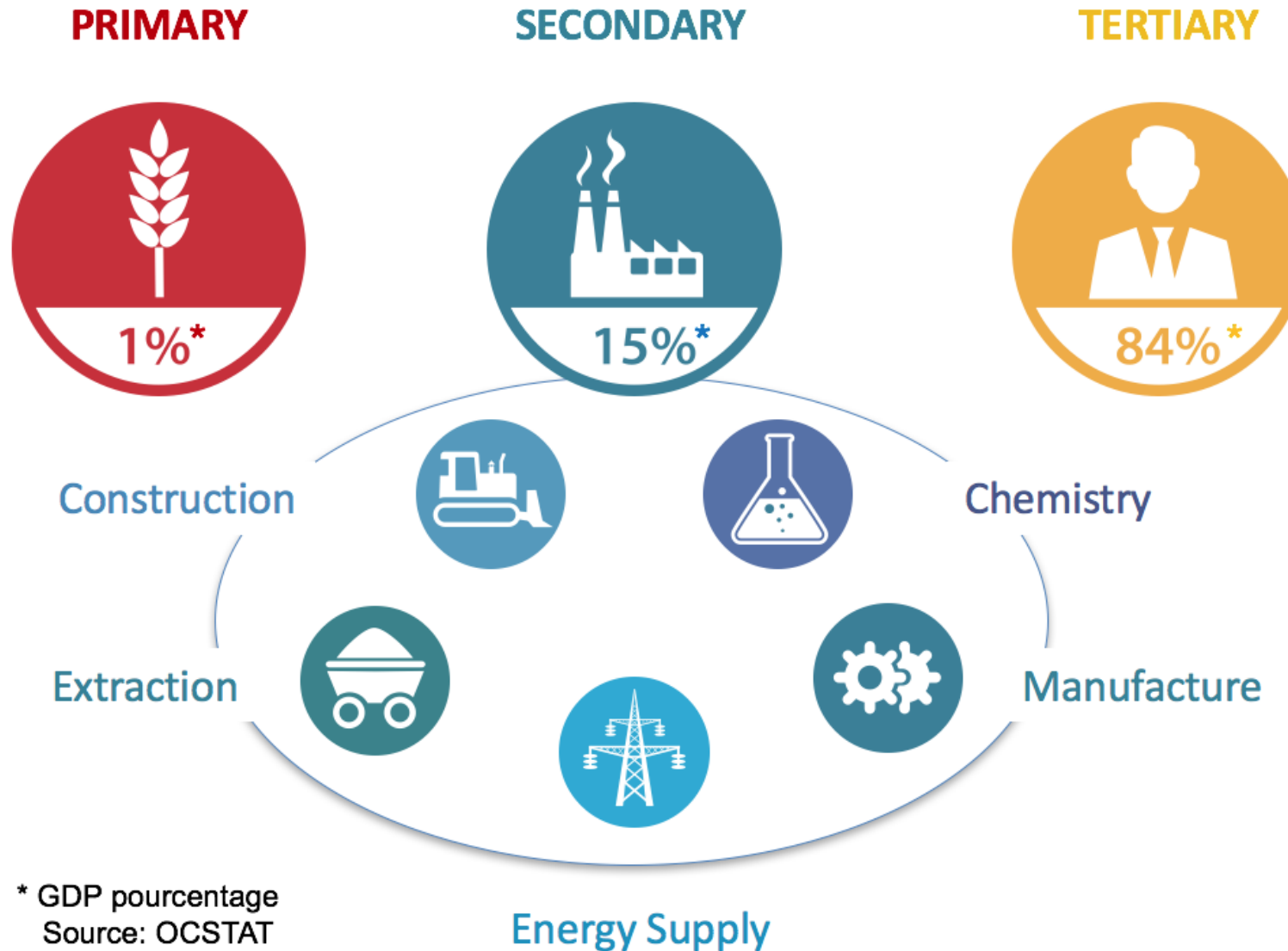


A thick black L-shaped frame is positioned around the text. It starts at the top left, goes right, then down, then right again, and finally down to the bottom right corner.

BUSINESS FUNDAMENTALS

prepared for classroom use by Agata Romanska, MA

Economic sectors



Economic sectors

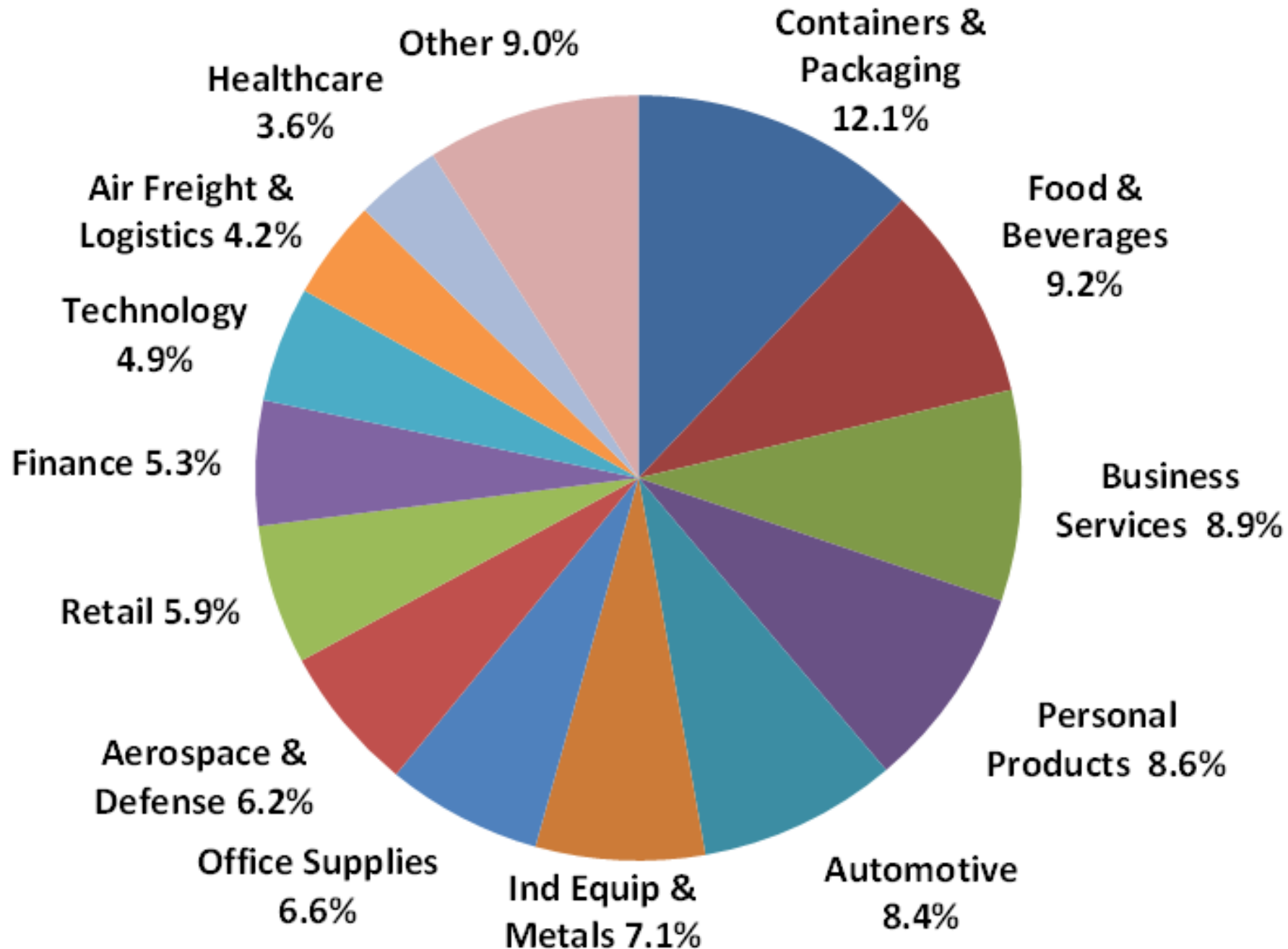
Economists often distinguish three broad sectors of the economy:

- The **primary sector** involves extracting and harvesting natural products from the earth (for example, agriculture, fishing and mining).
- The **secondary sector** consists of processing (for example, the processing of food stuffs produced by agriculture), manufacturing and construction. That is to say, the secondary sector takes the products from the primary sector and does something more with them.
- The **tertiary sector** provides services, such as retail services, entertainment or financial services.

Industry groups

- An **industry** is a sector of the economy that offers a distinct type of value. This can include products and services as well as other types of value such as infrastructure, art and knowledge. The following are examples of large industries.

<u>Advertising</u>	<u>Creative Industries</u>
<u>Education</u>	<u>Farming</u>
<u>Fashion</u>	<u>Finance</u>
<u>Information Technology</u>	<u>Infrastructure</u>
<u>Manufacturing</u>	<u>Materials</u>
<u>Media</u>	<u>Retail</u>
<u>Robotics</u>	<u>Service Industry</u>
<u>Space</u>	<u>Telecom</u>



the US
example

your
country?

Company types (business entities)

- Sole proprietorship / Sole trader
- Partnership
- Limited liability company (LLC, Ltd)
- Corporation (Corp)
- Private company (PLC)
- State-owned company

<https://www.companyincorporationpoland.com/polish-company-types>

Management structure

- **The Board**

Chairman, CEO, CFO, COO, non-executive directors

- **The Management**

CEO, CFO, Directors of Marketing, HR, IT, etc.

- **Middle management**

Managers of divisions, departments, branches, etc.

- **Supervisory/first line management**

Supervisors, team leaders, etc.

Departments

- *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 Service* might include *Technical Support*.
- *Marketing* might include *Market Research*.
- *Communications* refers to all promotional activities including a strong focus on *Public Relations (PR)*.

Departments

- ***Finance*** has many subdivisions, such as ***Financial Control, Treasury, Accounts*** and ***Payroll***.
- ***Human Resources*** (HR).
- ***Information Technology*** (IT).
- ***Research and Development*** (R&D).
- ***Legal***.



Underline the correct word in italics.

- My brother is a plumber. He's *autonomous* / *self-employed*.
- The people who own a private company might include the founder of the company, some family members, and perhaps a few business *associates* / *companions*.
- In a public company anybody can buy the *actions* / *shares*.
- A public company is *listed* / *posted* on a stock exchange.
- Our railways were recently privatized. I think the service was better before, when they were a *public company* / *state-owned enterprise*.

Underline the correct word in italics.

- The Purchasing Department is responsible for *buying parts and raw materials / making the final product*.
- If you have a complaint, please contact *Consumer Service / Customer Service*.
- All recruitment and selection is done by our *Human Relations / Human Resources* Department.
- Innovation is the key to our success and we have recently expanded the *Research and Design / Research and Development* Department.
- In the Legal Department we have three *lawyers / advocates* trained in commercial law.

Underline the correct word in italics.

- It's the CEO's job to *control* / *run* the company.
- Our Business Development Officer is *responsible for* / *the responsible for* finding new business opportunities.
- I can't take that decision. It will have to be referred to *higher people* / *more senior people*.
- That decision will have to be taken at *a higher level* / *a more superior level*.
- In the department there are six Sales Representatives and their *line director* / *line manager*.

Underline the correct word in italics.

- The Sales Department has to *liaise* / *liaison* closely with Marketing.
- She *is part of* / *makes part of* a team of designers.
- I am the Financial Controller, and I *relate directly* / *report directly* to the Finance Director.



Complete the sentences.

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

Match the companies to the correct industry sector

- 1) Apple, Dell, IBM, Microsoft
- 2) Nokia, Samsung, Siemens
- 3) Ikea, Tesco, Wal-Mart, Zara
- 4) AP Møller-Maersk, Qatar Airways, Ryanair, Virgin
- 5) BMW, General Motors, Nissan, Toyota
- 6) Deutsche Bank, HSBC, PricewaterhouseCoopers
- 7) Johnson & Johnson, Novartis
- a) Healthcare
- b) Financial
- c) Transport
- d) Retailing
- e) IT
- f) Electrical/Electronics
- g) Engineering

Match

Consumer discretionary - all non-essential goods or services offered by companies

Utility - a service such as gas or electricity provided for people to use

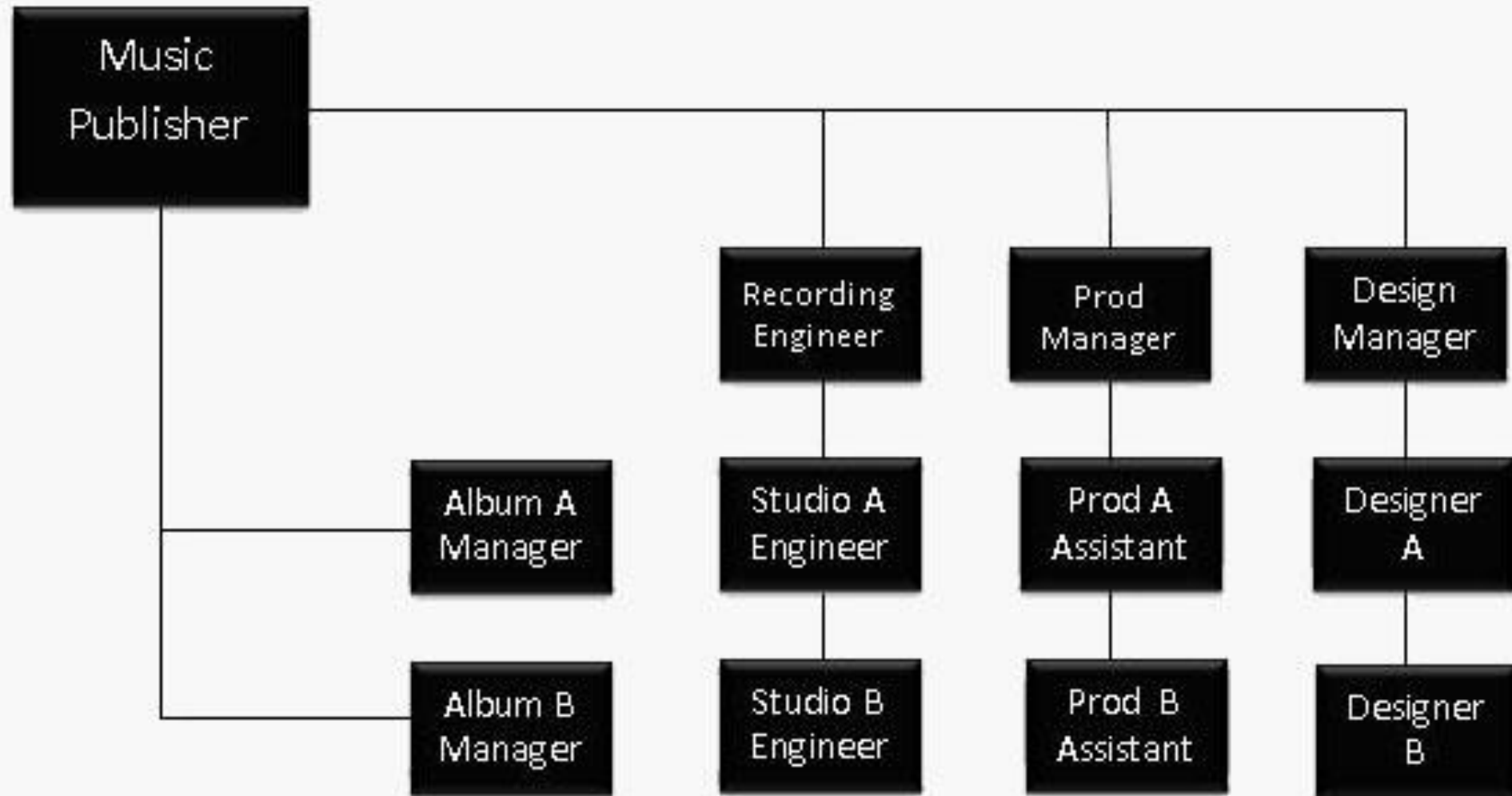
Industry group	Economic sector
auditing, consulting	basic materials
chemicals, mining	capital goods
food, beverages	commercial services
machinery, equipment	consumer discretionary
restaurants, hotels	consumer staples
Industry group	Economic sector
telecoms, software	energy
electricity, water	financials
banking, real estate	technology
oil, gas	transportation
airlines, logistics	utilities

Business Organizational Structure

- An **organizational structure** defines how activities such as **task allocation**, **coordination** and **supervision** are directed toward the achievement of organizational aims.
- Organizations need to be **efficient**, **flexible**, **innovative** and **caring** in order to achieve a sustainable **competitive advantage**.
- Organizational structure can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.

Matrix

Example Matrix Organizational Chart



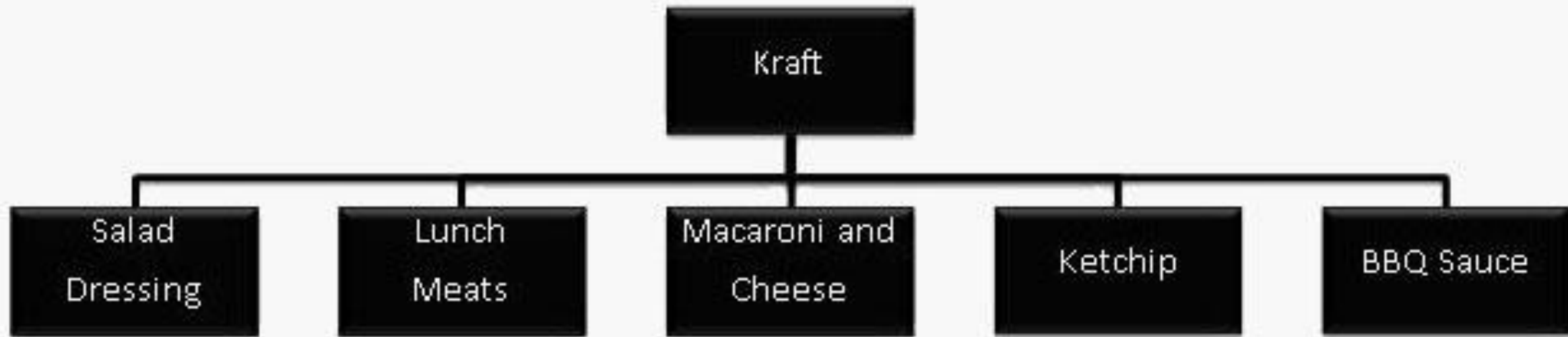
Functional

Example Functional Organizational Chart



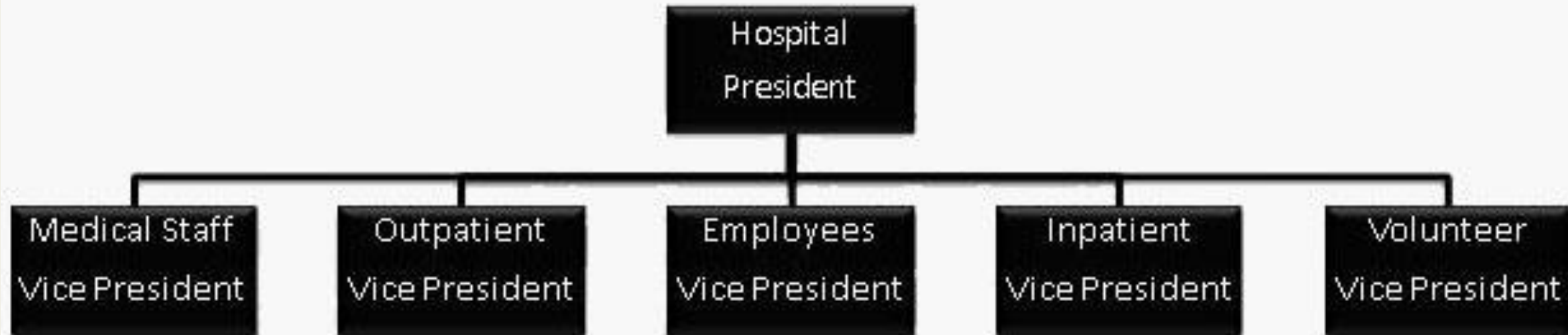
Product

Example Product Organizational Chart



Customer

Example Customer Organizational Chart



Geographic

Example Geographic Organizational Chart



Business models



- B2B (business to business)
- B2C (business to consumer)
- C2C (consumer to consumer)
- B2B2C (business to business to consumer) – third party vendors

Extra activity - a short video



Answer the following questions

- What does this company do?
- What is the company type?
- Can you define the industry sector or group?
- Who are Schaefer Kalk's main customers?
- How is the company managed?
- What is the structure?
- List some further key features of this company that you think are worth bearing in mind?

Answers

- Schaefer Kalk is a **limestone** extracting and processing company. This means it **straddles** the primary (resource **extraction**) and secondary (manufacturing) sectors.
- Schaefer Kalk sells a variety of products **derived from** limestone to customers in the construction, steel, chemicals, pharmaceuticals, paper and plastic industries.
- Three company directors supported by a number of middle managers and advised by an external advisory board.
Functional or Matrix organizational chart.
- Long history – founded in 1860, owned and managed by the fifth generation of **descendants** of the founder, slightly larger than medium sized but with international reach.

Enterprise Resource Planning (ERP)

- It's a process whereby a company, often a manufacturer, **manages** and **integrates** the important parts of its business.
- An ERP management information system integrates areas such as **planning**, **purchasing**, **inventory**, **sales**, **marketing**, **finance** and **human resources**.



3 Use words from the box to complete the text about ERP.

forecasting functions overview platform processes repository software umbrella

WHAT IS ERP?

The goal of Enterprise Resource Planning (ERP) is to integrate business (1) processes across an entire organization. It provides management with a comprehensive (2) _____ of the whole business, enabling better (3) _____, decision-making and control. At the core of an ERP system is a centralized data (4) _____ which exchanges and stores data from every department in the organization via a universal computing (5) _____. In the past, separate (6) _____ such as Supply chain, Finance and HR each had their own, independent (7) _____; today, they can all work together under a single (8) _____.



4 With a partner, decide which department 1–6 in the chart the following ERP functions are usually associated with. The first two have been done for you.

1	access control	6	customer service	11	payables	16	recruiting
2	budgeting	7	sales & marketing	12	payroll	17	engineering
3	call centre support	8	inventory	13	purchasing	18	shipping
4	cash management	9	manufacturing process	14	quality control	19	user interfaces
5	supplier schedules	10	order entry	15	fixed assets	20	training

Homework

Read the text – p.11



**Top tips
for getting
on in the
workplace**

Thank you 😊