

Management and Strategy Institute

Business Management Essentials Certified (BMEC)[™]





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What is Business Management?

Business management (also known as business administration) is the administration of a commercial enterprise. It includes all aspects of overseeing and supervising the business operations of an organization. From the point of view of management and leadership, it also covers fields that include office administration, accounting, finance, quality assurance, sales, project management and marketing.

What is Business Management?

The administration of a business includes the performance or management of business operations and decision-making, as well as the efficient organization of people and other resources to direct activities towards common goals and objectives.



What is Management?

Management is vital to the success of every organization. Management is not about telling people what to do; it is coordinating and organizing the team based on the policies, goals, and objectives of the organization. Part of management is choosing how a business should run, and directing people based on these decisions. Managers need to be both effective and efficient in their jobs.

What is Management?

Efficiency involves doing things correctly. In order to be effective however, goals are reached and maintained, which may mean changing processes.

Effective Management

- Task-oriented
- Develops strategies to reach goals
- Uses job descriptions to define how work is done
- Goals are based on priorities
- Predicts and adapts to change
- Consistently evaluates and looks for ways to improve current methods

What is Management?

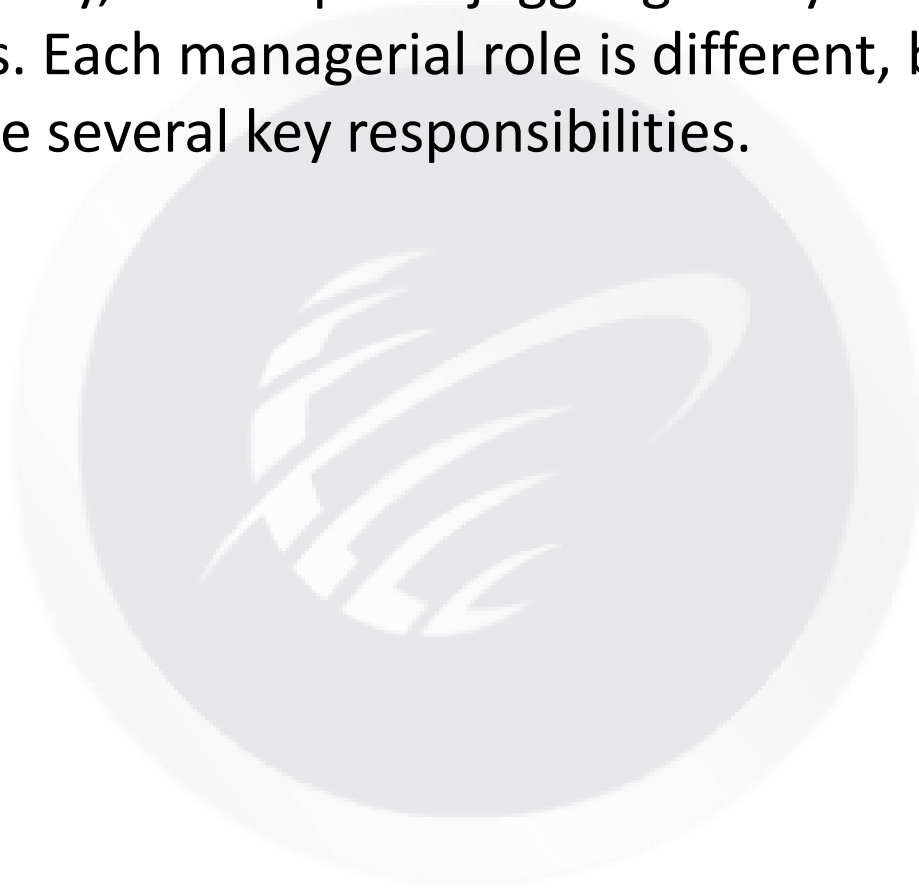
Efficiency involves doing things correctly. In order to be effective however, goals are reached and maintained, which may mean changing processes.

Efficient Management

- Work oriented
- Strives to keep the present system running well
- Adheres strictly to job requirements
- Avoids change
- Monitors work and procedures

What Do Managers Do?

Managers have obligations to senior managers and employees. The job is not easy, and requires juggling many different responsibilities. Each managerial role is different, but most managers share several key responsibilities.



What Do Managers Do?

Managers' Responsibilities:

1. Meet business goals, vision, and objectives.
2. Supervise and be responsible for the performance of team members.
3. Hire, train, and develop employees.
4. Identify problems and come up with solutions.
5. Share responsibility for the growth and success of the company.

What Do Managers Do?

With the number of jobs a manager must perform, it can feel like a juggling act. Successful managers are able to perform these roles by prioritizing their tasks. Again, it is important to weigh effectiveness and efficiency.

Prioritizing Tasks:

- Effectiveness: How important is the task in light of company goals or standards? Is it realistic to achieve?
- Time: How long will the task take, and what is the affect on labor?
- Cost: What is the cost of the task in terms of labor, supplies, and other resources?

Quiz

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Developing strategies to reach goals, using job descriptions to define how work is done, and predicting and adapting to change are examples of:

- ☐ Good Management
- ☐ Efficient Management
- ☐ Financial Management
- ☐ Effective Management

Accounting - Keeping Track of Your Business

Knowing how to keep track of your business will prove to be very valuable in the short run and long run. There are a number of different aspects involved in keeping track of any business the right way. Many businesses go out of business within the first year or two if things are not handled properly.

Knowing how to keep track will hopefully help keep you in business, not to mention having customers, capital, and all those other things that keep a business afloat. There are two general ways a business records its finances.

Accounting Methods

Cash Method:

This means that you will record the money once you receive it. The receipts for such transactions are recorded during the periods they are received. An example of this method is when you are making a cash deposit in the bank and they record it into your account as receiving cash. If you present the teller with a check, then she would not be able to document it as cash. If the teller does not record the cash as she receives it, she would not be able to properly account for the cash later.

Accounting Methods

Accrual Method:

Accrual is the method of accounting in which all income and expenses are recognized on the income statement at the time when they are earned and incurred, regardless of when the cash for that transaction is received or paid. An example of this method would be, when you work, your hours are documented, and although you are earning a salary, you won't receive the money you have accumulated until you get a pay check, and it is cashed. The accounting department still has to recognize that those funds are going to be paid in the future.

Differences between Cash and Accrual

The differences between the two are that the cash method is recorded when you receive the actual cash whereas with the accrual method, you will record it even if you have not received it or paid for it. For example, you are selling candy bars for your child's school, when you receive the cash; you mark it down in the paid section.

Learn More About Accounting

If you'll be starting or running a business, having a strong understanding of accounting is important. You can learn more about accounting for free by using the link below. MSI also offers a certification in Accounting Fundamentals.

- [Free Accounting Training on Youtube](#)
- [MSI Accounting Fundamentals Certification](#)

*MSI recommends working with a licensed accountant in your jurisdiction to ensure your business finances are managed properly.

Quiz

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Define Accounting Methods:

All income and expenses are recognized on the income statement at the time when they are earned and incurred, regardless of when the cash for that transaction is received or paid.

- ☐ Cash Accounting
- ☐ Personal Accounting
- ☐ Accrual Accounting
- ☐ Business Accounting

Business Etiquette

Success in any industry relies on relationships, whether with co-workers, clients, suppliers, or investors. When you're well-mannered and considerate in dealing with others, you create engaging, productive, and long-term business relationships. As such, it is important to learn, not just the technical side of a business, but how to conduct one's self in the company of others. This is where business etiquette comes in.

Etiquette Defined

Etiquette covers most aspects of social interactions, including self-presentation, communication, courtesy, and hospitality. Business etiquette, in particular, covers expectations in the interactions between co-workers, the company and their clients, as well as the company and their stakeholders.

The Importance of Business Etiquette

Etiquette can help businesses improve the following areas:

- **Branding:** Everything we do will reflect on our company and our products. By acting professionally, we send the message that our business is credible and trustworthy. Personalized care may very well be your edge against the competition.
- **Customer Care:** The best way to show customers that their patronage is valued is to treat them with respect and consideration. This in turn can inspire customer loyalty and positive feedback.
- **Employee Engagement:** Good manners will help improve morale and confidence between employees and team members.
- **Team Synergy:** Good manners will help establish smooth working relationships within a team, which contributes to greater productivity.

Learn More about Business Etiquette

You should have a strong understanding of business etiquette before leading a business. You can learn more about etiquette using the links below.

- [Free Business Etiquette Training on Youtube](#)
- [Business Etiquette Certification Course from MSI](#)

Quiz

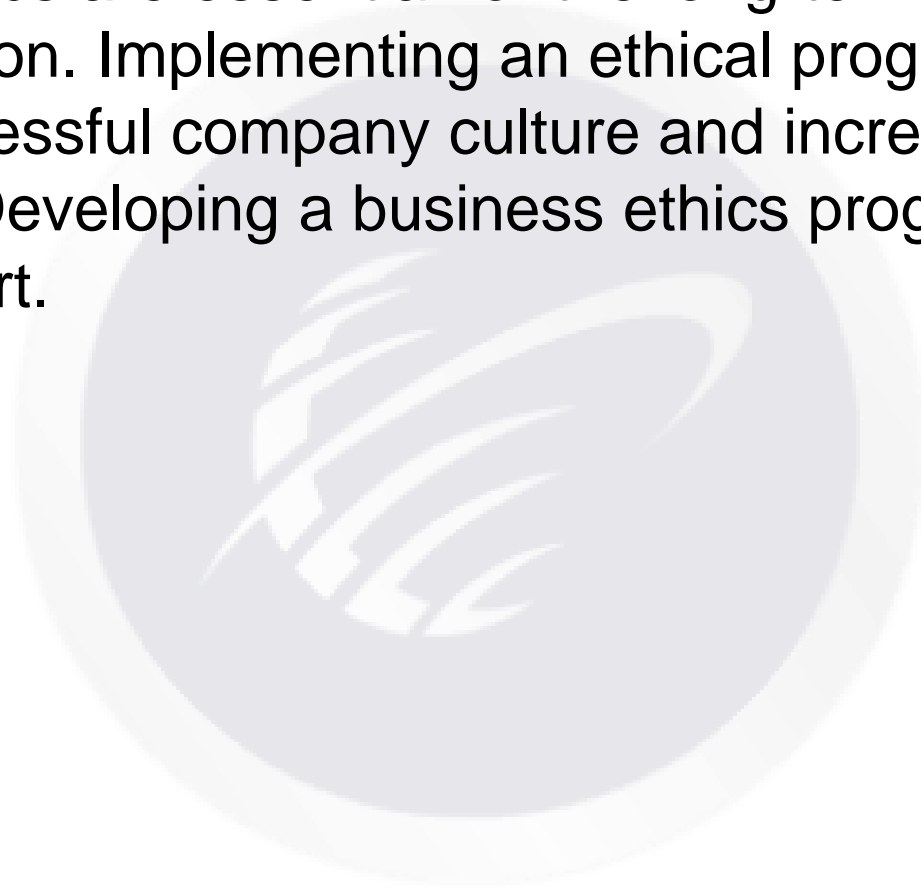
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This covers expectations in the interactions between co-workers, the company and their clients, as well as the company and their stakeholders.

- ☐ CEO expectations
- ☐ Personal etiquette
- ☐ Friendships
- ☐ Business etiquette

Business Ethics

A company's ethics will determine its reputation. Good business ethics are essential for the long-term success of an organization. Implementing an ethical program will foster a successful company culture and increase profitability. Developing a business ethics program takes time and effort.



Business Ethics

A company's ethics will have an influence on all levels of business. It will influence all who interact with the company, including customers, employees, suppliers, and competitors. All of these groups will affect the way a company's ethics are developed. It is a two-way street, the influence goes both ways, which makes understanding ethics an essential part of doing business today. Ethics is very important, as news can now spread faster and farther than ever before.

What Is Business Ethics?

Some people automatically assume that businesses are unethical. Companies seem to be linked to scandals constantly. Given the media attention to bad ethical decisions, companies that practice good business ethics can distinguish themselves in the minds of their customers and their employees. The company culture helps determine the ethics of the organization. It is crucial that businesses behave ethically in every working relationship.

What Is Business Ethics?

Ethical Obligations:

- **Employees:** Companies need to treat all of their employees ethically. Begin by providing employees with the rights guaranteed to them by the United States Department of Labor. Ethical businesses, however, may go beyond the minimum requirements in the way that they treat their employees.
- **Shareholders and investors:** There is a moral obligation to pay back investors and meet the needs of shareholders.

What Is Business Ethics?

Ethical Obligations:

- **Customers:** Every business needs to build ethical customer relationships by providing safe products and honoring warranties. Consumers are growing more aware of which companies treat them fairly, and they will support the ones they trust.
- **Community:** Businesses have an ethical obligation to be involved in their local communities. This includes communities where they interact with customers and beyond.
- **Vendors and Other Companies:** Always deal ethically with vendors and other organizations you work with.

Business Ethics

Business leaders must have a strong understanding of ethics. You can learn more about business ethics, and gain a certification using the links below.

- [Free Business Ethics training on Youtube](#)
- [Corporate Ethics Manager Certification from MSI](#)

Quiz

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A company's _____ will determine its reputation.

- ☐ ethics
- ☐ CEO
- ☐ customers
- ☐ stakeholders

Project Management

A successful business leader should know how to manage projects from start to finish within any organizational structure.



Project Management

In general, projects have the following characteristics:

- Result-oriented with well-defined objectives
- Measurable products and deliverables
- A plan consisting of a series of well-defined atomized activities
- Finite resources
- Defined responsibilities for the management of the project

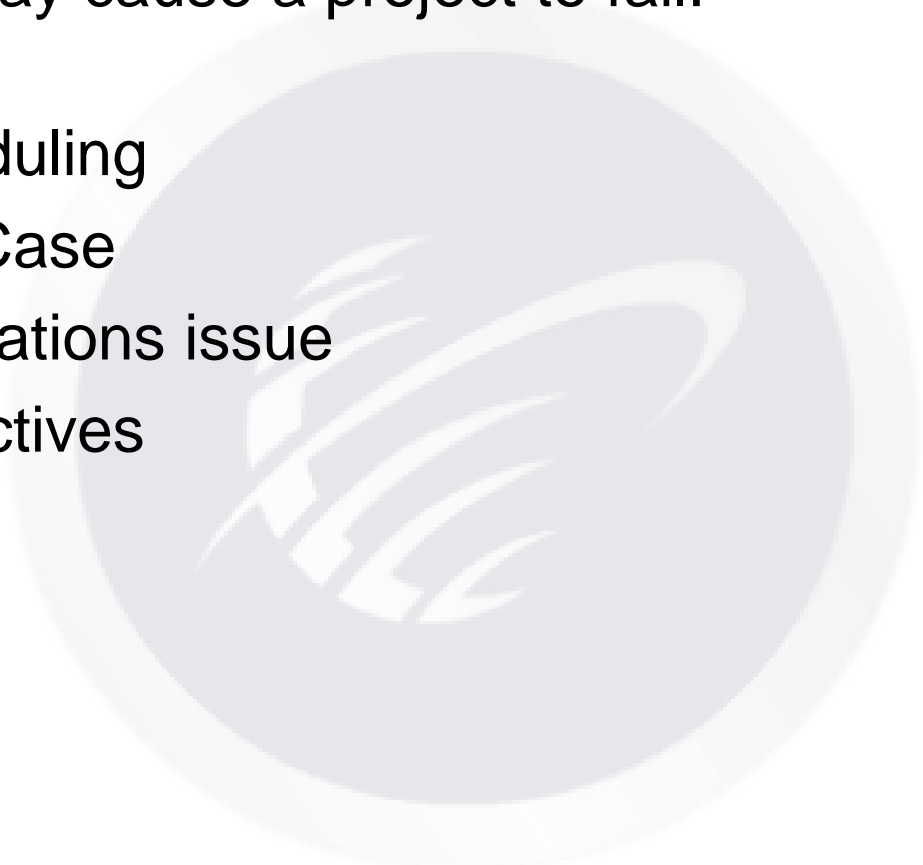
How Projects Fail

Everyone has some experience with good and bad projects. Over time, we may start to see a pattern for those projects that are more likely to fail.

To become a good project manager, it is important to know how projects can fail.

How Projects Fail

Issues that may cause a project to fail:

- Poor scheduling
 - Business Case
 - Communications issue
 - Clear objectives
 - Quality
- 

The Stages of Managing a Project

Project management is the application of knowledge and tools to project activities. These tools are used to accomplish the requirements of the project.



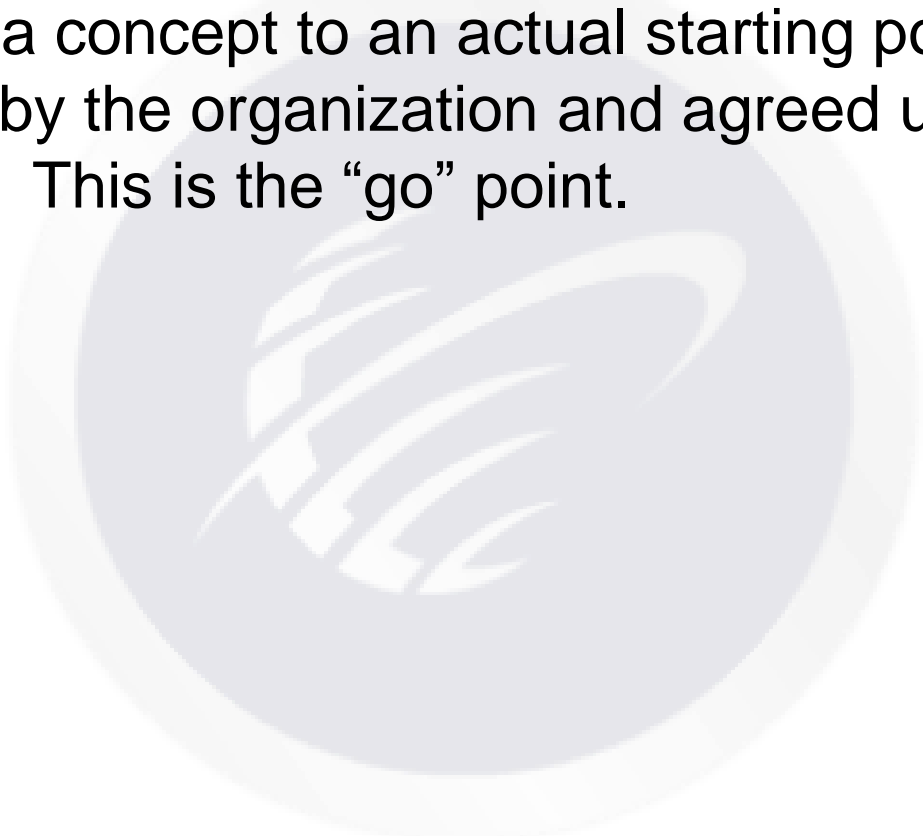
The Stages of Managing a Project

Project Management is broken down into five process groups or stages. They are:

- Initiating the project
- Planning the project
- Executing the project
- Monitoring and controlling the project
- Closing the project

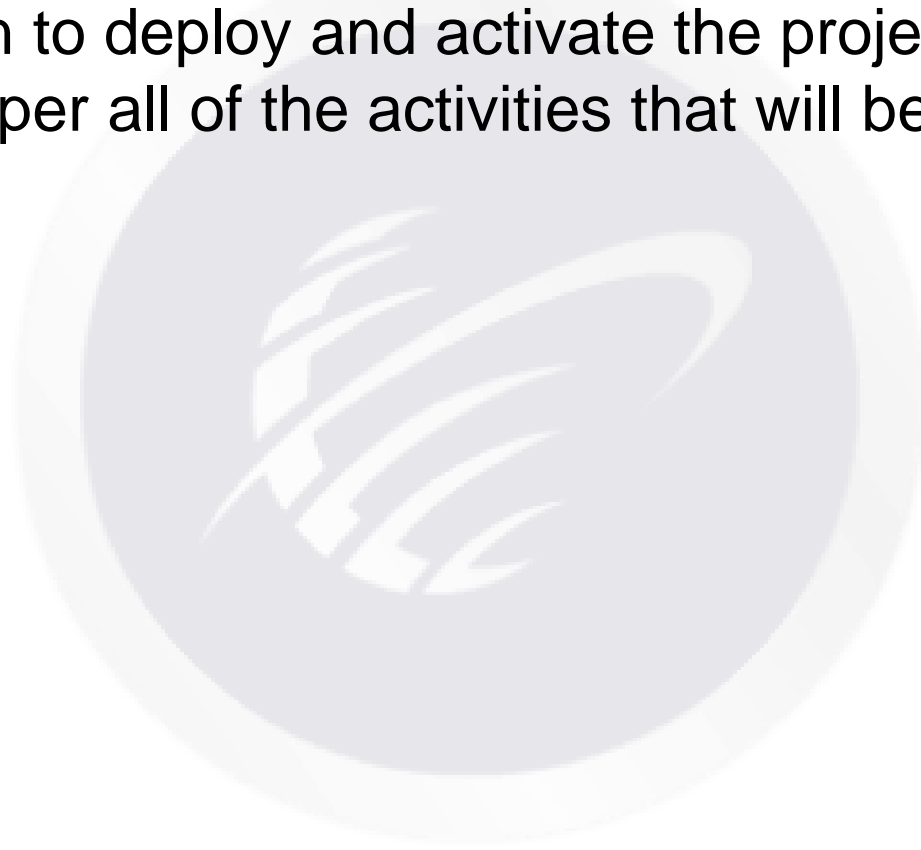
The Stages of Managing a Project

Initiating the project is the beginning phase of a project, taking it from a concept to an actual starting point where it is authorized by the organization and agreed upon by stakeholders. This is the “go” point.



The Stages of Managing a Project

Planning the project includes the general activities used in preparation to deploy and activate the project. Think out and put to paper all of the activities that will be required.



The Stages of Managing a Project

Executing the project is the actual performance of work activities to meet the project requirements.



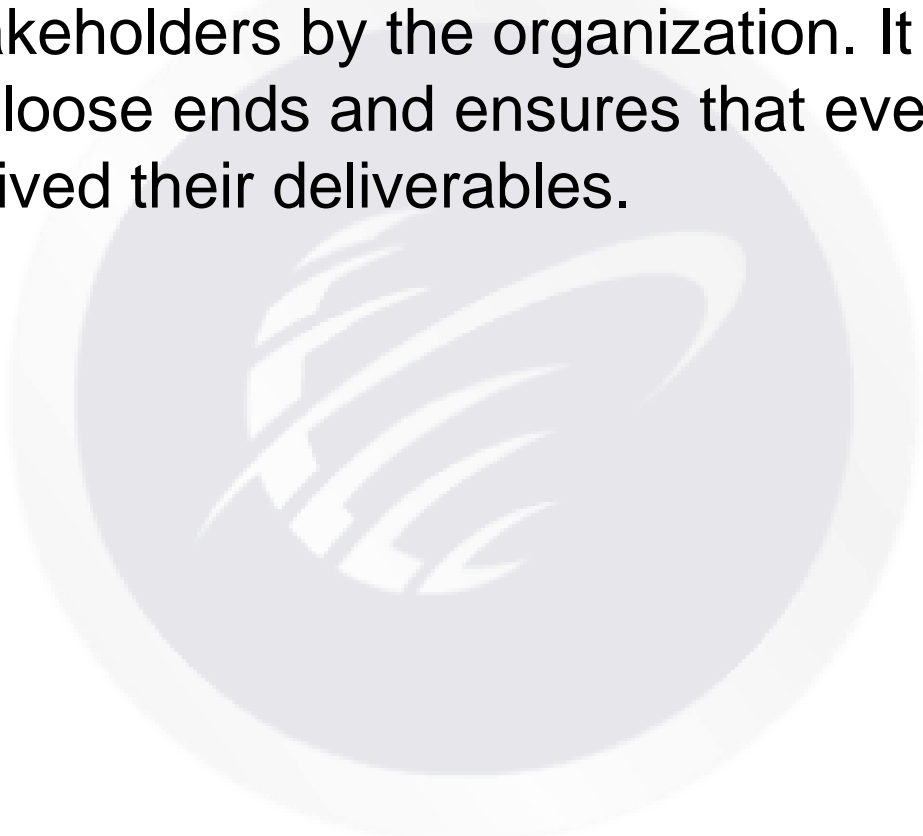
The Stages of Managing a Project

Monitoring and controlling the project are the processes to review and track the progress and quality of work being done and completed as project deliverables.



The Stages of Managing a Project

Closing the project is the process to bring closure to the project for stakeholders by the organization. It basically wraps up the loose ends and ensures that everyone involved received their deliverables.



Learn more about Project Management

Strong Project Management skills are one of the most sought-after skills in business. Here are some additional education options to learn more about Project Management:

- [PMP Certification training](#)
- [Project Management Essentials Certification](#) – FREE
- [Project Management Qualified](#)
- [Agile Project Management](#)
- [Lean Project Management](#)

Quiz

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The Stages of Managing a Project:

This stage includes the general activities used in preparation to deploy and activate the project.

- ☐ Executing the project
- ☐ Planning the project
- ☐ Initiating the project
- ☐ Monitoring and controlling

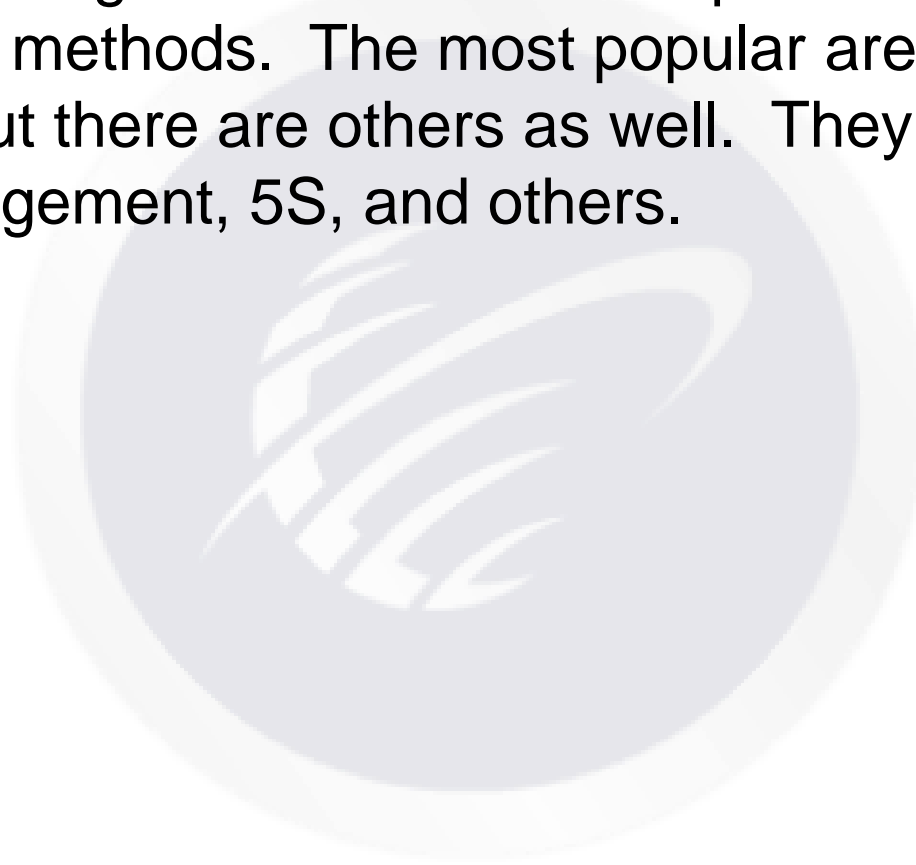
Process Improvement

Business Managers are often responsible for the profitability of their company or department. They ensure operations run as smoothly as possible, with limited to no waste or inefficiency.

As such, business managers are constantly looking to eliminate waste or streamline existing processes.

Process Improvement

To do this, managers will use different process improvement methods. The most popular are Lean and Six Sigma, but there are others as well. They include Total Quality Management, 5S, and others.



The Basics of Six Sigma

Six Sigma is an improvement methodology that uses the following phases to make changes to any process: Defining, Measuring, Analyzing, Improving, and Controlling.

“Six Sigma” measures the capability of a process to perform defect-free work with a failure rate of 3.4 parts per million.

The Basics of Six Sigma

The Six Sigma methodology uses proven strategies, tools, and statistical methods to improve virtually any process.

The goal of Six Sigma is improved process performance and increased customer satisfaction through variability and defect reduction, resulting in consistently producing high-quality services, products, or processes.

The Basics of Six Sigma

Six Sigma reduces costs and waste by determining the [Cost of Poor Quality](#).

Reducing poor quality is accomplished by:

- Understanding who your customers are and what is important to them
- Understanding customer feedback, called the Voice of the Customer, and determining the necessary requirements for your product
- Prioritizing issues related to your product

Learn More about Process Improvement

The Management and Strategy Institute has many options for learning about process improvement and Six Sigma methods. Here are some additional options:

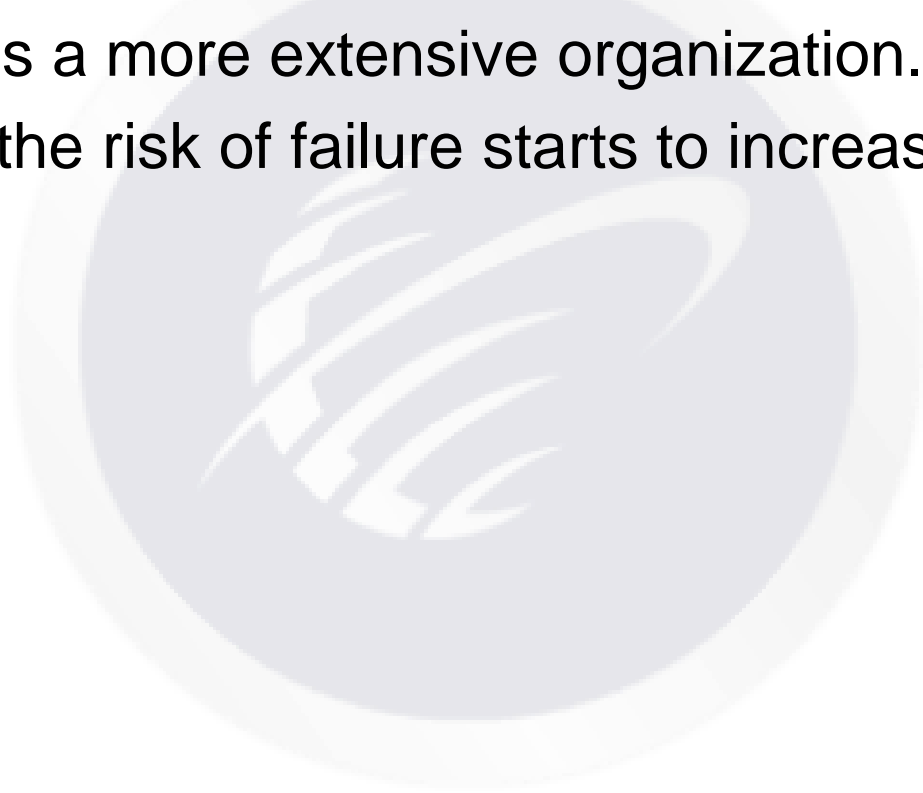
- [Lean Six Sigma White Belt Certification](#) – FREE
- [Lean Six Sigma Black Belt Certification](#)
- [5S Concept Certification](#)
- [Kaizen Certification](#)
- [All Six Sigma Certification Options](#)

Change Management

Recent history shows that we have become good at creating companies around new concepts, ideas and technologies. Founders of these companies often have a vision for the use of the technology or methods they pioneer and use that vision to develop the company.

Why Organizations Fail

Once the company becomes more successful, it starts to dominate the market. This in turn leads to more growth which requires a more extensive organization. This is when the risk of failure starts to increase.

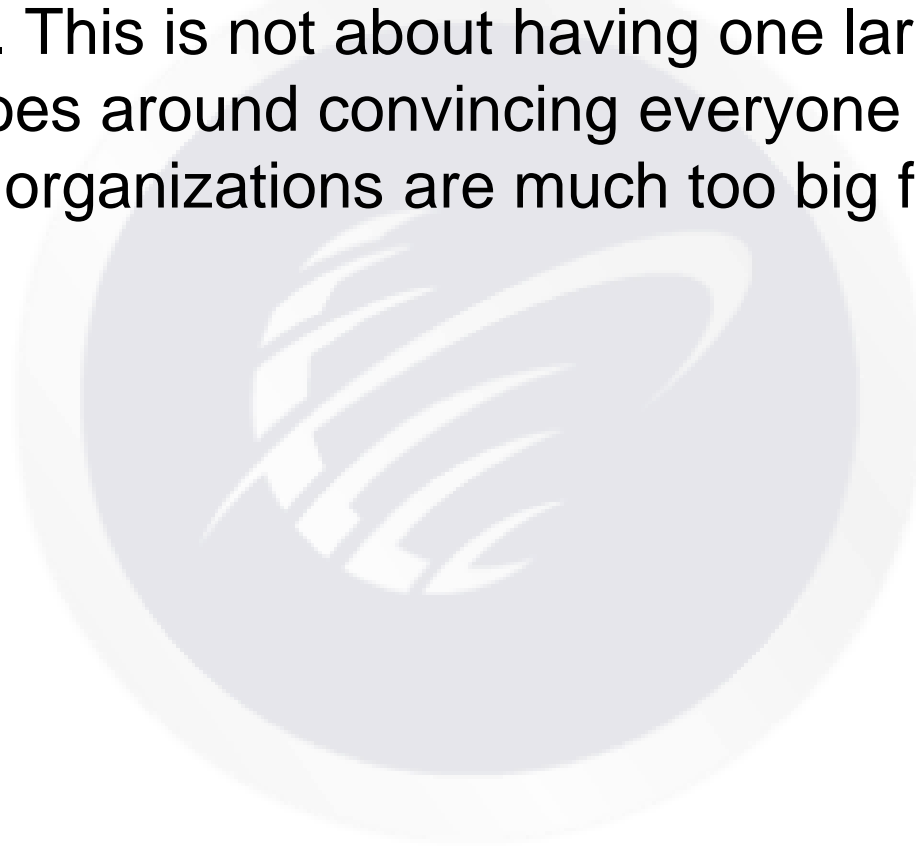


Why Organizations Fail

The organization's priority changes to manage this growth and turns its focus inwards. Members of staff are trained mainly on management and not on leadership simply because there is a huge demand for managing various aspects of the organization as it grows. Employees learn how to solve problems, how to plan and how to manage resources but there is no emphasis on leading.

The Solution

The solution is to initiate change early and create a culture of leadership. This is not about having one larger than life leader that goes around convincing everyone of a new vision. Large organizations are much too big for this.



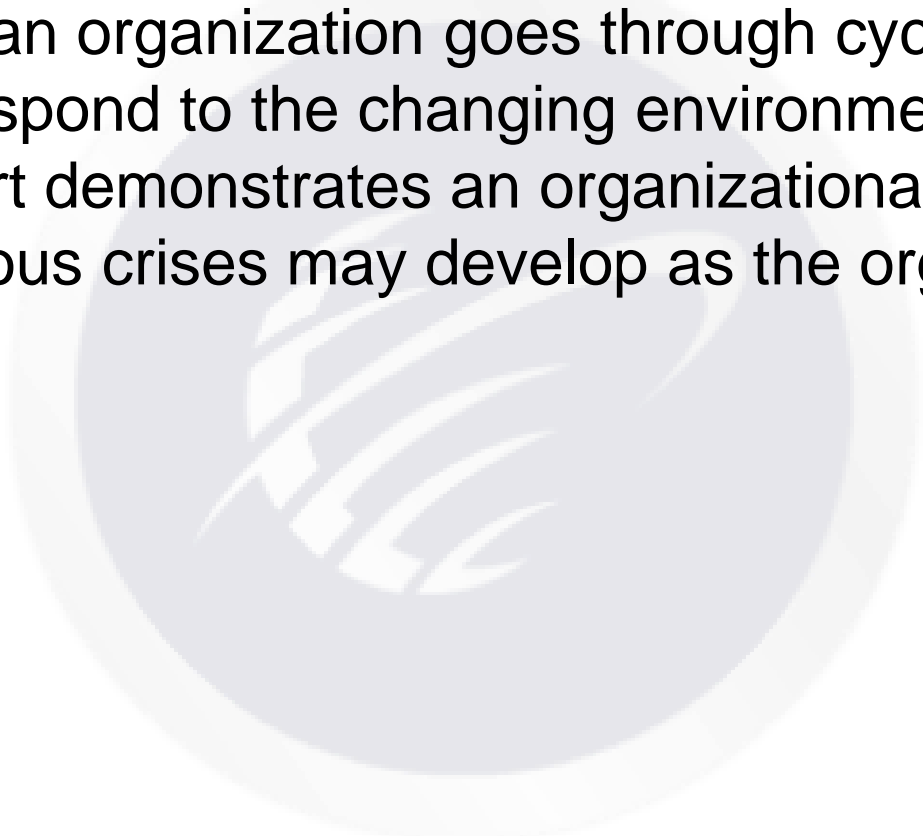
The Solution

Instead, many people need to get involved in leading the change and this must be embedded into the culture of an organization so it can always anticipate and react to market changes.

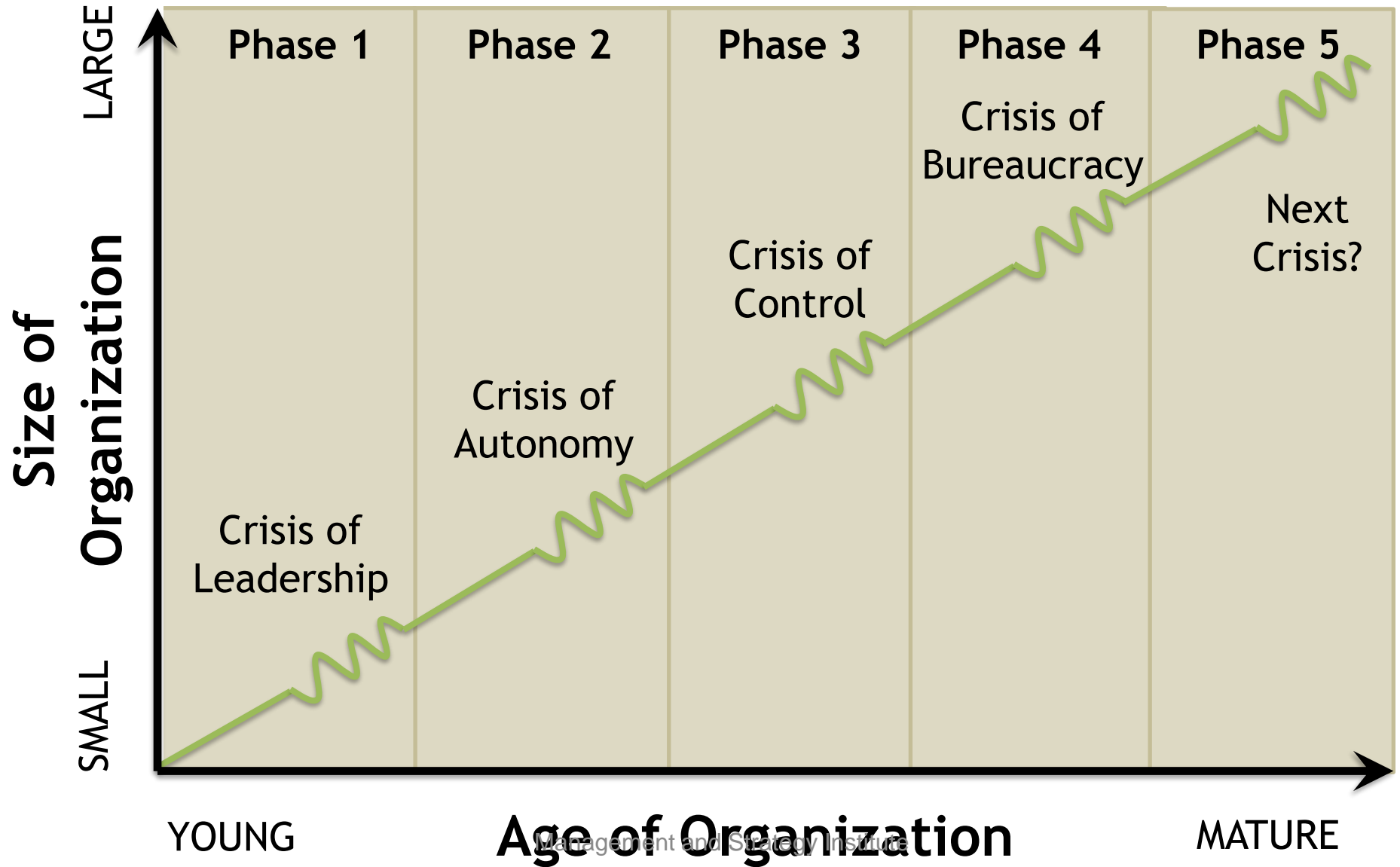


Is Change Inevitable?

From a certain view, change is neither emergent nor planned. As an organization goes through cycles of growth it needs to respond to the changing environment. The following chart demonstrates an organizational life cycle and how various crises may develop as the organization grows. (Greiner 1972)



Is Change Inevitable?



Is Change Inevitable?

The above graph shows that as the organization grows, it passes through 5 distinct phases. As each growth period comes to an end, the organization goes through a short-lived crisis. This trend forms the *evolution* and *revolution* stages of a company as shown in the diagram. The flat lines are the evolution and the zigzags are the revolution. A typical life cycle pattern consists of the following:

Life Cycle



The Entrepreneurial Stage

The Collective Stage

The Formalization Stage

The Elaboration Phase

Chart:
(Clark 1994)

Change Management

All Managers and business leaders should be familiar with change management processes. Learn more about Change Management using the links below:

- [Free Change Management training on Youtube](#)
- [Change Management Specialist Certification](#)

Quiz

Click the **Quiz** button to edit this object

As an organization goes through cycles of growth it needs to respond to the changing environment. What crisis can develop when an organization is young and small?

- ☐ Crisis of Bureaucracy
- ☐ Crisis of Leadership
- ☐ Crisis of Control
- ☐ Crisis of Autonomy

End of Material

This concludes the training. Click next to take the exam for: **Business Management Essentials Certified (BMEC)**

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