

# Unit A: Introduction

## Lesson 1: Understanding Agriculture Management

# Terms

- Business Management
- Capitalism
- Controlling
- Corporation
- Directing
- Limited Liability
- Mission
- Organization
- Partnership
- Planning
- Sole Proprietorship
- Staffing
- Stockholders

# *Objective 1*

- Describe the three general organizational business structures.

# What are the three basic ways of organizing a business?

I. Some communities operate under capitalist system.

**Capitalism** refers to an economic system in which all or most of the production and distribution facilities are privately owned and operated for a profit.

- In a capitalist system, there are three generally recognized structures for business.

# What are the three basic ways of organizing a business?

A. **Sole Proprietorship**: is a business owned by one person who makes the decisions.

- Although owned by one person, it may have multiple employers.
- All of the liabilities of the business are the responsibility of the proprietor.



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# What are the three basic ways of organizing a business?

- B. **Partnership:** is a business that is owned by two or more people.



# What are the three basic ways of organizing a business?

**Partnerships** usually involve written agreements that specify:

- What percent of the business each person owns.
- Their individual responsibilities.
- How decisions will be made.

All of the liabilities of the business are the responsibility of the partners.

# What are the three basic ways of organizing a business?

- C. **Corporation** is a business that is treated as a single entity but is owned by a group of people.
- The owners of a corporation are referred to as **Stockholders**.



# What are the three basic ways of organizing a business?

- Corporations provide limited liability.
- Limited liability: means that the stockholders are not personally responsible for the debts of the corporation.



# *Objective 2*

- Explain business management and its major areas.

# What are the five major areas of business management?

## II. **Business Management** :

the responsibility of a person to make decisions, organize resources to implement decisions, monitor the implementation of decisions, and evaluate the effects of decisions on the overall success of the operation.



# What are the five major areas of business management?

Business management has five major areas of activity.

A. ***Planning*** is determining what is to be done, where, how, and when it is to be done. It is done on a day-to-day, year-to-year, and long-term basis.



# What are the five major areas of business management?

- Planning involves the following functions:
  1. Determining the present status of the business.
  2. Surveying the environment.
  3. Setting objectives.
  4. Forecasting future situations.

# What are the five major areas of business management?

Planning involves the following functions  
*(continued):*

5. Stating necessary actions and resources.
6. Evaluating proposed actions.
7. Revising plans in response to changing conditions.
8. Communicating effectively



# What are the five major areas of business management?

- B. **Organizing** is the grouping together activities, people, and other resources to carry out the plan.
- Without proper organization it is difficult to carry out the plan.

# What are the five major areas of business management?

- Organizing involves the following responsibilities:
  1. Identifying and defining required work.
  2. Breaking work into duties.
  3. Grouping duties into positions.
  4. Defining the requirements of positions in a business.
  5. Grouping positions into manageable units or departments.

# What are the five major areas of business management?

- Organizing involves the following responsibilities (*continued*):
  6. Assigning work to be performed, accountability, and authority.
  7. Revising and adjusting the organization's duties in response to the changing conditions.
  8. Communicating duties and activities throughout the business.

# What are the five major areas of business management?

C. **Directing** (leading): is providing instruction and guidance to employees.

- It is primarily involved with the relationship between managers and employees.



# What are the five major areas of business management?

- Directing includes the following responsibilities:
  1. Communicating and explaining objectives to employees.
  2. Assigning standards for performance.
  3. Coaching employees to meet performance standards.
  4. Rewarding employees based on performance.

# What are the five major areas of business management?

- Directing includes the following responsibilities:

(continued)

5. Praising and criticizing in a fair manner.
6. Providing motivation by communicating changes.
7. Revising methods based on necessary changes.
8. Communicating throughout the process.



# What are the five major areas of business management?

D. **Staffing**: is the activities involved with the recruitment, selection, and training of personnel.

- It is primarily concerned with the flow of work through the business.

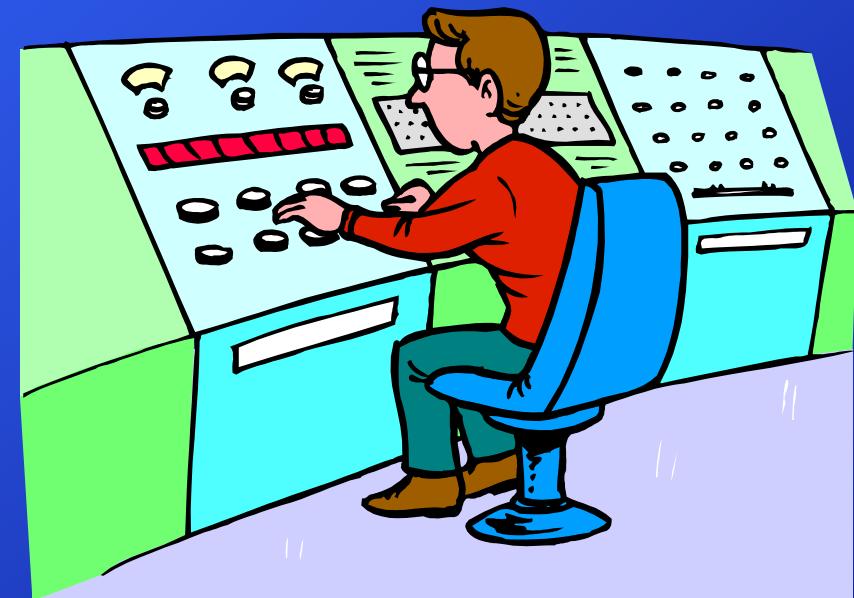


# What are the five major areas of business management?

- Staffing involves the following responsibilities:
  1. Determining human resource needs.
  2. Recruiting potential employees.
  3. Selecting employees from those recruited.
  4. Training and developing employees
  5. Revising the number of employees based on changing conditions of the business.

# What are the five major areas of business management?

E. Controlling: is all of the activities that are necessary to insure that the policies of the business are being carried out.



- It focuses on whether actions taken are meeting expectations.

# What are the five major areas of business management?

- Controlling involves the following responsibilities:
  1. Establishing standards.
  2. Monitoring results and comparing them to standards.
  3. Correcting deviations from standards.
  4. Revising and adjusting methods based on changes the business experiences.

# *Objective 3*

- Explain business mission statement and goals.

# Why should a business establish goals?

- III. **Mission** is concise statement of the goals and objectives of a business. It is usually no more than 25 words and states the reason the business exists.



# Why should a business establish goals?

A. The mission statement should include goals and objectives that have the following qualities:

1. **Flexibility**: goals must be flexible so that they may be changed in response to economic, political, and social situations.

# Why should a business establish goals?

2. **Quantifiable**: goals must be measurable so that the managers can determine if they are being met. Without a way of measuring a goal, there is no reliable way to determine if it is being met.

# Why should a business establish goals?

- B. Businesses should establish goals for the following reasons:
  1. Goals help the business in establishing policies that will determine the direction it takes.
  2. Goals provide management with guidelines to operate the business.

# Why should a business establish goals?

3. Goals aid managers in decreasing waste and duplication of effort.

Most businesses that experience greater inefficiency do not have an established set of goals.

# Review / Summary

- What are the 3 basic ways of organizing a business?
- What are the 5 major areas of business management?
- What is a mission?