

BUSINESS COMMUNICATION

BCA SEMESTER: I

UNIT IV: BUSINESS LETTERS AND REPORTS

4.1 Business letter

A business letter is a letter that is used by organizations to communicate in a professional way with customers, other companies, clients, shareholders, etc. The business letter uses formal language and a specific format. Companies use it to convey important information and messages.

Business Letter Definition:

A letter written for business purposes is a business letter.

Inquiry letters, offer letters, order letters, cover letters, notices, and termination of employment are some of the business letters.

4.2 PARTS OF BUSINESS LETTERS

A business letter will be more impressive if proper attention is given to each and every part of the business letter.

There are 12 parts of the business letter

- The Heading or Letterhead
- Body Paragraph
- Date
- Complimentary Close
- Reference
- Signature And Writer's Identification
- The Inside Address
- Enclosures
- Subject
- Copy Circulation
- Greeting
- Post Script

4.3 NEEDS FOR A BUSINESS LETTER

In business, letter writing is a major thrust area of communication. The modern goals of nations for free Global trade and the need to cut across national, linguistic, and cultural barriers to promote trade have made the letters an important business tool.

4.4 A business letter serves certain important functions:

1. A business letter as a representative of the organization. It is an inexpensive substitute for a personal visit.
 2. It seeks to provide information on subjects connected with business.
 3. A business letter provides valuable evidence for a transaction and thus serves a legal purpose.
 4. A business letter becomes a reference material for future transactions between organizations and individuals.
 5. A business letter promotes and sustains goodwill.
 6. A business letter motivates all the people involved in a business to a higher and better level of performance.
 7. A business letter enlarges and enhances the business we can elaborate on each of the functions thus.
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- Every organization has to continuously promote and expand its business.
 - All information on its product and service gets updated through a business letter sent to customers and clients.
 - It is a micro-level substitute even for advertisements.
 - Agents and retailers in turn pass on the information to clientele (customers) spread over a large area. It promotes goodwill.
 - Precedents are available to guide future actions from files of outgoing and incoming letters.
 - Business letters have legal validity. In times of dispute and doubt, they can provide substantial evidence to solve them.

4.5 FUNCTIONS OF A BUSINESS LETTER

There are many functions depending on the business letter. **The main function of a business letter is to carry and deliver a message to an intended receiver.** Such a message is written in the body of a letter and such body is usually short but written in three parts. Each paragraph reflects a particular task that is,

- ❖ **The first paragraph states the main idea**
- ❖ **The second paragraph States supporting details**
- ❖ **The third paragraph highlights the concluding message**

The first paragraph

The first paragraph presents the main idea and aims to:

- Get the favourable attention.
- Indicate what the letter is about.
- Set a friendly, courteous tone.
- Refer to previous correspondence, if appropriate

Functions of the first paragraph

Get favourable attention: The beginning paragraph is like a newspaper heading. It must be attractive so that it can catch the reader's attention and encourage him or her to continue to read the rest of the letter. The first paragraph determines how the reader will react to the letter.

Three typical reactions to letters are positive, negative and indifferent. Naturally, you want to get a positive reaction.

The reader has a **positive reaction** to your message whenever he or she is **interested** and will probably take the action you desire.

The reader has a **negative reaction** when he or she responds in an excited way and will probably **not take the action** you desire.

An indifferent response Assumes really do not care what the letter.

Set the tone of the letter: Let the reader know what the letter is about by getting to the point immediately. Don't ask the reader to search for information throughout the letter. Give a message now to get a positive reaction.

Indicate the purpose of the letter: The objective of the first paragraph is to obtain favourable attention that will gain a positive response from the reader. Make the beginning paragraph work for you to accomplish this objective.

Functions of the middle paragraph

The middle paragraph provides answers to the following questions to be made by the reader, such as:

- Why are you telling me this?
- How will it affect me?
- Why was the decision made?
- What do you want me to do?

Therefore, such paragraphs should maintain two things clearly i.e.

- a) **Provide background information:** Inform the reader in such a way so that he gets clear about the message of the letter and is therefore capable of making an intelligent evaluation.
- b) **Provide supporting information:** Provide supporting information to answer the why, how, what, who, when, or where questions clearly and completely to satisfy the reader.
 1. The first paragraph, "I want to tell you that"
 2. Supporting the background information why, how, what, who, when, where
 3. Final paragraph closing

Functions of the last paragraph

The final paragraph is as important as the opening one. Like the first paragraph, the last paragraph should say something. Every host is familiar with the guest who says good night and then sits down to tell one more story or one last joke.

Many business writers use the same technique. The functions of the last paragraph are to

- Request action
- Conclude the message
- Present a positive company image

a) **Request Action:** The final paragraph should make it as easy as possible for the reader to take or accept the point of view of the writer. The closing is specific; it gives the time, date, and action desired.

For example, this tells the reader what action to take and how easy it is to take the action.

b) **Conclude The Message:** The last paragraph is the summary of the letter. It emphasises the action you want this reader to take it; states exactly what you want the reader to do. A direct question provides a good closing because it gives the reader a specific query to consider.

For example,

- Will you confirm the date of the meeting?
- Shall we deduct these expenses from your account?

c) **Present a positive company image:** The last paragraph should be short and friendly, written in the same positive tone that was used in the first paragraph. The closing paragraph provides for leaving the reader with a feeling of goodwill.

The least effective closings are incomplete endings. Letters should not end with “*Hoping to hear from you*”, “*Thanking you in advance*”, or “*Trusting we shall have your cooperation in the matter*”. These endings are weak, incomplete, outdated, and offer no incentive for action.

4.6 PLANNING A BUSINESS LETTER:

A business letter is not a place for chit-chat. Unlike business conversations where a certain amount of small talk is used to break the ice, a business letter should be **clear and concise**. By taking time to plan your letter, you will save time in the writing and proofreading stages. During the planning stage, ask yourself a few simple questions.

Who am I writing this letter to?

Identifying your audience always comes first. Are you writing to more than one person, to someone you don't know, or to someone you have known for a long time? This will help you determine how formal the letter needs to be. You may need to introduce yourself briefly in the letter if the recipient does not know you. You may also need to find out the updated address and title of the recipient. This is a good time to confirm the correct spelling of the first and last name.

Why am I writing this letter?

The main reason for the letter should be understood from the subject line and first few sentences. You may cover more than one thing in one business letter, but there will almost always be a general reason for the letter. Identify your main goal and what you hope to accomplish.

Are there specific details I need to include?

Gather any dates, addresses, names, prices, times, or other information that you may need to include before you write your letter. Double-check details rather than relying on your memory.

Do I require a response?

Many types of business letters require a response. Others are written in response to a letter that has been received. Before you start writing, determine whether or not you require an action or response from the recipient. Your request or requirement should be very clear. In some cases, you may even need to provide a deadline for a response. If you do require a response, how should they and contact you? Indicate this information clearly as well. You may want to provide more than one option, such as an email or phone number.

How can I organize my points logically?

Think about how you would organize your thoughts if you were speaking rather than writing to the recipient.

- First, you would introduce yourself.
- Second, you would state your concern or reason for writing.
- After the main content of your letter, you should include information on how you can be contacted.
- The end of the letter is also a place to express gratitude, wish good luck, or offer sympathy.

4.7 BUSINESS LETTER LAYOUT

When writing a business letter, the layout of your letter is important, so that it will be easy to read and look professional. So, it is your use of an appropriate salutation and closing, your spelling and grammar, and the tone you employ.

Letter font and spacing:

- **Properly space the layout** of the business letters you write, with the space between the heading, the greeting, each paragraph, the closing, and your signature.
- **Single-space your letter** and leave a space between each paragraph. When sending typed letters, leave two spaces before and after your written signature.
- **Left justify your letter** so that your contact information, the date, the letter, and your signature are all aligned to the left.
- **Use of plain fonts** like Arial, Times New Roman, Courier New, Calibri, or Verdana.

Make sure that the font size you use is large enough that your reader won't need to reach for their glasses -the standard font size for these fonts is 10 points or 12 points.

4.7.1 BUSINESS LETTER ETIQUETTE AND TONE:

- ❖ **Salutation:** It is still standard to use the recipient's title (*Mr., Mrs., Ms., Dr., professor, judge*) before their last name in the salutation of formal business correspondence (e.g., *Dear Mr. Smith*). The word “**Dear**” should always precede the recipient's name; don’t simply use their name by itself as you might do in casual correspondence.
- ❖ By the same token, avoid beginning business correspondence with openings like, “*hello*”, “*hi*” or “*good morning*”. The business letters should always begin with “**Dear** (recipient’s title and name)” unless you use the salutation “To whom it may concern” (in instances when you do not know the name of the recipient)
- ❖ **Closing:** Acceptable closing is to use include: “*Sincerely*”, “*Best regards*”, “*Regards*”, “*Thank you*”, “*Thank you for your consideration*”, “*Respectfully*”, and “*Very respectfully*”. **Do not use casual closing like: “*Later*”, “*Cheers*”, or “*Thanks!*”**
- ❖ **Word Choice and Grammar:** Although your word choice for business letters should not be too complex. Correct the spelling errors and grammatical mistakes.
- ❖ **Paper:** If you are drafting a formal business letter to be mailed as opposed to an email, the paper you use should be standard white paper of a decent weight. Do not use coloured or flamboyant (showy, colourful) paper that might be used in marketing “*Junk mail*”. It’s fine to include a simple business logo at the top of the paper.

Business letter layout example

- **Your contact information**

- Your name
- Your address
- Your city, state ZIP Code
- Your email address

- **Date**

- **Recipient's contact information**

- Name
- Title
- Company
- Address
- City, State ZIP Code

- **Salutation**

- Dear Mr./Ms. Last Name

- **Body of letter**

- The first paragraph of your business letter should provide an introduction to why you are writing.
- Then, in the following paragraphs provide more information and details about your request.
- The final paragraph should reiterate the reason you are writing and thank the reader for reviewing your request.

- **Closing**

- Respectfully yours

- **Signature**

- Handwritten signature for a hard copy
- Typed signature

4.7.2 TYPES OF BUSINESS LETTERS

The term “business letters” refers to any written communication that **begins with a salutation, ends with a signature, and whose contents are professional in nature.**

Historically, business letters were sent via postal mail or courier, although the internet is rapidly changing the way businesses communicate. There are many standard types of business letters and each of them has a specific focus.

1. Sales letters:

- a. Start with a very strong statement to capture the interest of the reader.
- b. Since the purpose is to get the reader to do something these letters include strong calls to action, detail the benefit to the reader of taking the action, and include information to help the reader to act, such as including a telephone number or website link.

2. Order letters:

- a. Order letters are sent by consumers or businesses to a manufacturer, retailer, or wholesaler to order goods or services.
- b. These letters must contain specific information such as model number, name of the product, the quantity desired, and expected price. Payment is sometimes included with the letter.

3. Complaint letters:

- a. The words and tone you choose to use in a letter complaining to our business may be the deciding factor on whether your complaint is satisfied.
- b. Be direct but tactful and always use a professional tone if you want the company to listen to you.

4. Adjustment letters:

- a. It is normally sent in response to a claim or complaint.
- b. If the adjustment is in the customer’s favor, begin the letter with that news. If not, keep your tone factual and let the customer know that you understand the complaint.

5. Inquiry Letters:

- a. Inquiry letters ask a question or elicit information from the recipient.
- b. When composing this type of letter, keep it clear and short and list exactly what information you need.
- c. Be sure to include your contact information so that it is easy for the reader to respond.

6. Follow-up letters:

- a. Follow-up letters are usually sent after some type of initial communication.
- b. This could be a sales department thanking a customer for an order, a businessman reviewing the outcome of a meeting, or a job seeker inquiring about the status of his application.
- c. In many cases, these letters or a combination of thank you notes and sales letters.

7. Letters of recommendation:

- a. Prospective employers often ask job applicants for letters of recommendation before they hire them.
- b. This type of letter is usually from a previous employer or professor, and it describes the sender's relationship with and opinion of the job seeker.

8. Acknowledgement letters:

- a. Acknowledgement letters act as simple receipts.
- b. Businesses send them to let others know that they have received a prior communication, but action may or may not have taken place.

9. Cover letters:

- a. Cover letters usually accompany a package, report, or other merchandise. They are used to describe what is enclosed, why it is being sent, and what the recipient should do with it if there is any action that needs to be taken.
- b. These types of letters are generally very short.

10. Letters of resignation:

- a. When an employee plans to leave his job, a letter of resignation is usually sent to his immediate manager giving him notice and letting him know when the last day of employment will be.
- b. In many cases, the employee also will detail his reason for leaving the company.

Elements of Communication:

The basic elements of communication are:

- a) **Communicator:** The sender, speaker, issuer, or writer who intends to convey or transmit a message.
- b) **Message:** The subject matter of communication.
- c) **Transmission:** The act of conveying the message.
- d) **Channel:** The medium used to transmit the message.
- e) **Receiver:** The person to whom the message is meant
- f) **Response:** Replying or reaction of the receiver.

Essentials of Effective business communication:

1. **Simple language:** The language used in the communication should be simple and understandable.
2. **Clearness:** The communicator should be clear in his mind about the objective of his communication. There should not be any ambiguity in communication.
3. **Adequacy of information:** It should contain adequate information and should be complete in all respect; otherwise it will not serve the purpose of communication.
4. **Proper medium of communication:** The communicator should select the proper media of communication by considering such factors as the nature of communication, urgency of communication, distance between communicator and recipient of communication etc.
5. **Accurate:** An effective communication should be accurate. False and misleading statement will seriously undermine the reputation of the business. It may also lead to expensive litigation.
6. **Courtesy:** Politeness is, of course, one of the important attributes of good business communication. A polite language should be used in communication. It helps improve business relations.

4.8 REPORTS

Reports are documents designed to record and convey information to the reader.

Reports are part of any business or organization from credit reports to police reports; they serve to document specific audiences, goals, or functions.

The type of report is often identified by its primary purpose or function, as in an accident report, or laboratory report, sales report, or even a book report.

Reports are often analytical or involve the rational analysis of information.

4.8.1 ESSENTIALS OF GOOD REPORT:

The report should have a proper title to describe the subject matter reported therein. The report should be in good form and should have sub-headings and paragraph division. The name of the report should be written on the top of the report.

1. The report should be factual. The whims and ideas of the person preparing the report should not be allowed to influence the report.
2. The report should relate to a certain period and the period of time should be indicated on the top of the report.
3. The report should be clear, brief and concise. Clarity should not be sacrificed at the cost of brevity.
4. The reporting must be prompt because information delayed is information denied. If a considerable time elapses between happening of events and reporting, an opportunity for taking appropriate action may be lost or some wrong decisions may be taken by management in the absence of information
5. A report should distinguish between controllable and non-controllable factors and should report them separately. It is because management can take suitable action regarding controllable factors.
6. Appropriate remarks should be given in the report. It saves valuable time of management and ensures prompt attention. Adequate data should be given to suggest possible course of action.
7. The report should be periodically reviewed. The form and content of the report should not be of a permanent nature. They should go on changing with the circumstances; otherwise, the recipient will take them as a stale useless, and routine type.
8. The report should be taken as correct within the possible degree of inaccuracy. The margin of error allowed will depend upon the purpose for which the report is prepared.
9. The report should draw the manager's attention immediately to exceptional matters so that management by exception may be carried out effectively. Thus reports should highlight significant deviations from standards.

10. Visual reporting through graphs, charts and diagrams should be preferred to descriptive reports because visual reporting attract the eye more quickly and leaves a lasting impression on the mind.
11. Where comparison is reflected in the report it should be ensured that the same is between comparable matters so that meaningful comparisons may be made and an idea about efficiency or inefficiency may be formed.

4.8.2 PURPOSES OR OBJECTIVES OF BUSINESS REPORTS:

Reports are the primary means of communication in the organization. In large-scale organizations, there is no alternative to use the reports. Reports also play an important role in small-scale organizations.

Purposes/Objectives/importance of reports:

1. **Transmitting information:** It is very important for transmitting information from one level to another. Although a manager can personally collect required information in a small-scale enterprise.
2. **Making decisions:** A report is the basic management tool for making decisions. The job of a manager is nothing but to make decisions. Reports supply necessary information to managers to solve the problems.
3. **Communication with external stakeholders:** In addition to internal use, reports also communicate information to external stakeholders like shareholders, creditors, customers, suppliers, government officials, and various regulatory agencies. In the absence of formal business reports, such stakeholders would remain dark about the organizations.
4. **Development of information base:** Reports are also contributed to the development of an information base in an organisation. It develops an information base in two ways. Firstly, day-to-day information is recorded permanently for writing reports. Secondly, the written reports are preserved for future reference.
5. **Developing labour management relationship:** Reports also helps to improve labour management relationship particularly, in a large organization. In large organizations, there is little opportunity for direct communication between top-level management and

employees. In this case, the report is used as a mechanism of keeping both sides information about each other and improving their relationships.

6. **Controlling:** Controlling is the final function of management. It ensures whether the actual performance meets the standard. In order to perform the managerial function of controlling, a report serves as a yardstick. It supplies the necessary information to impose a controlling mechanism.
7. **Recommending actions:** Reports not only supply information but also recommend natural actions or solutions to the problem. When someone is given the charge of investigating a complex problem and suggesting an appropriate remedy, the investigator usually submits a report to the concerned manager.

4.8.3 TYPES OF BUSINESS REPORTS:

The information may be facts figures or a detailed analysis of any situation. Businesses make important decisions and plan for the future of the company based on these reports and hence the importance of such reports is self-established. Major decisions like investments and expansions are based entirely on business reports. These are of various types as follows:

1. **Formal business reports:** These reports are prepared in a given format and they are presented to the authorities in an already established manner. They are submitted to committees and bodies or heads of various departments or organizations. Since the report talks only about business in a formal way they are called, formal business reports.
2. **Informal business reports:** These reports are prepared in a convenient format that is convenient to the reporter and presented to the required person immediately after demand. These reports can also be presented in the form of a memorandum or a business letter. Since there is no fixed format for these reports it is termed as informal reports.
3. **Informative business reports:** These are types of business reports that are prepared with the intention of providing information in a descriptive way that addresses a particular issue, situation, or problem. They provide information in a detailed manner which is used by the authorities to gain insight into the matter which is why they are termed as informative reports.

4. **Interpretative business reports:** Unlike informative report which contains only information, the interpretative report may also contain issues as to why a certain event or an issue and what would be the course of action along with a recommendation for the same.
5. **Verbatim (word –to –word) business reports:** The reports that are prepared by secretaries or any other individual who records word-to-word discussions that are made in the meeting are called verbatim reports.
6. **Summarised business reports:** The report that is made with the assistance of important details that have been discussed in the meeting is called a summary report. These types of business reports are made with the intention of sending them for the press release or for the shareholders of the company or a member of a certain institution.
7. **Problem-solving business report:** As the name suggests, problem-solving business reports help to solve a problem by suggesting or recommending a plan of action regarding a certain situation. The report also contains the causes of such problems and the conclusion is done in various ways that can be adopted to solve the problem. The report also contains ways in which that problem can be avoided in the future by implementing certain steps.
8. **Fact-finding business reports:** There are numerous situations in an organization where a finding of a fact is required. For example, the breakdown of any machinery in factory premises between an associate and a manager. The situations require in-depth reasoning for the situation that has arisen.
9. **Performance report:** The management likes to know the performance of each department on a regular basis. Not only that but also about the newly opened branch, newly appointed employee, or even the performance of existing employees who are due for a promotion or analysed. by the management for which the performance report is generated.
10. **Technical business reports:** Technology is advancing faster than the speed of light and that is the reason why companies upgrade themselves with new technology from time to time. Whenever such a monumental change and technology is taking place in an organization. A technical business report is prepared to assess the level of technology.

- 11.**Standing committee reports:** A committee that is appointed for a specific reason is called standing. The reason may be financial assessment or departmental assessment, the standing committee is expected to submit a detailed analysis of these things. The report submitted by the committee is known as our standing committee report. In many organizations, these reports are submitted at frequent intervals.
- 12.**Ad hoc committee report:** These reports are also termed special committee reports. As the name suggests a special committee is appointed to deal with the investigation and that committee is dissolved as soon as the report is presented. Special committees are found in special cases like fire in factory premises for employee accidents during work.
- 13.**Minority reports:** A team of the special committee is appointed to submit a report that will be based on an investigation of a special subject. Three members may be selected to form the committee one of each is the chairman of the said committee. If members have a difference of opinion on the subject, another member may submit the report separately. This separate report submitted by a dissentient member is called a minority report.
- 14.**Majority reports:** The members of a committee which includes the chairman, usually have a unanimous decision among them. In such cases, only one report is prepared and presented to the official committee. Such a report is termed a majority report.
- 15.**Annual report:** A yearly report which consists of the yearly processes of the business including the sales profits and the turnover is called the annual report. Such a report is generated only once a year and it is submitted to the corporate heads for studying the business year in detail. The majority of the crucial decisions like investment, product portfolio changes, marketing strategies, etc. are planned on the basis of the annual report.

5.0 REPORT WRITING:

1. **Title section:** This includes the name of the authors and the date of the report preparation.
2. **Summary:** There needs to be a summary of the major points, conclusions, and recommendations. It needs to be short as it is a general overview of the report. Some

people will read the summary and skim (scan) the report, so make sure you include all the relevant information.

3. **Introduction:** The first page of the report needs to have an introduction. You will explain the problem and show the reader why the report is being made. You need to give a definition of terms if you did not include this in the title section and explain how the details of the reports are arranged.
4. **Body:** This is the main section of the report. There needs to be several sections, with each having a subtitle. Information is usually arranged in order of importance with the most important information coming first.
5. **Conclusion:** This is where everything comes together. Keep this section free of jargon as most people will read the summary and conclusion.
6. **Recommendations:** This is what needs to be done. In plain English, explain your recommendations, putting them in order of priority.
7. **Appendices:** This includes information that the experts in the field will read. It has all the technical details that support your conclusions.

Remember that the information needs to be organised logically with the most important information coming first.