

Introduction to Business Administration Lesson 6

6. The Company and the Administrative Process

Every successful company has an identity and a establishing a clear and memorable identity is the first step in rebuilding, improving, or starting a company.

6.1 Administrative Process of Planning

Every business must have a plan

Document generally projects 3-5 years ahead and outlines the route a company intends to take to grow revenues.

Vital for request business loans from banks

Your business plan should have an:

- **Executive Summary** - The Executive Summary is the most important part of your business plan. Because if it doesn't interest readers, they'll never even get to the rest of your plan.
- **Company Description** - provides a brief history of your company.
- **Market Analysis** - Market Overview/ Relevant Market Size
- **Customer Analysis** - Target Customers/ Customer Needs
- **Competitive Analysis** - Direct Competitors/ Indirect Competitors/ Competitive Advantage
- **Marketing Plan** - Products & Services/ Pricing/ Promotions Plan/ Distribution Plan
- **Operations Plan** - Key Operational Processes/ Milestones
- **Management Team** - Management Team Members/ Management Team Gaps/ Board Members
- **Financial Plan** - Revenue Model/ Financial Highlights/ Funding Requirements/Use of Funds/ Exit Strategy
- **Appendix** - Supporting Documentation ((income statement, balance sheet cash flow statement, customer lists, awards, and patents received among others))

6.2 The Organization

An **organization** is a - social unit of people that is structured and managed to meet a need or to pursue collective goals.

All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks.

6.3 The Executives

Board Of Directors - A group of individuals that are elected as, or elected to act as, representatives of the stockholders.

Establish corporate management related policies and to make decisions on major company issues:

- Hiring/firing of executives,
- Dividend policies
- Options policies
- Executive compensation

Every public company must have a board of directors.

fair representation of both management and shareholders

6.4 The Integration

Two types of Integration

- Horizontal
- Vertical

Horizontal Integration is the acquisition of additional business activities that are at the same level of the value chain in similar or different industries.

This can be achieved by internal or external expansion.

Because the different firms are involved in the same stage of production, horizontal integration allows them to share resources at that level. If the products offered by the companies are the same or similar, it is a **merger** of competitors.

Sometimes referred to as lateral integration.

Vertical Integration is when a company expands its business into areas that are at different points on the same production path.

For example, when a manufacturer owns its supplier and/or distributor.

Vertical integration can sometimes help companies reduce costs and improve efficiency by decreasing transportation expenses and reducing turnaround time, among other advantages.

6.5 The Control

Controlling – Meeting objectives and measuring and learning from them.

Controlling = comparing actual to planned performance and taking necessary corrective action.

6.5.1 Management Control Functions

Control Process

1. Set Standards by which performance will be measured
2. Measuring performance
3. Compare actual performance with standards and identify any deviations
4. Determine the reason for the deviations
5. Take corrective actions if needed

6.5.2 The Business Strategy

Strategy starts with planning

- Core organizational values
 - Fundamental belief of what is most important in conducting activities should be established and defines by managers along with the key stakeholders.

- Objectives should be defined
 - The ends or results desired by the organization and derived from the organization's mission
- Mission should be defined (two sentences max or 140 characters)
 - Statement of an organization's fundamental purpose and basic philosophy.

6.5.3 The Successful Businessman

The successful businessman has all of aspects of an entrepreneur.

The successful businessman has:

- Vision
- Plans
- Passion for enterprise
- Analytic skills – good working with numbers and budgets
- Communication Skills

6.5.4 Characteristics of a successful company

1. Audience Knowledge

The best brands have a thorough understanding of the demographics of their target market, what their interests are, and how they communicate.

Understanding the target market is critical because it provides direction for the tone and reach of a marketing campaign, along with the overall identity of a brand.

2. Uniqueness

Establishing a brand identity requires something distinctive.

Apple is known worldwide for their innovative products and minimalistic, aesthetic appeal.

Domino's Pizza used to guarantee that their pizza would arrive in 30 minutes or it'd be free.

In terms of a selling point, TOM's shoes donate a free pair of shoes to a child in need for every pair of shoes that are bought.

3. **Passion**

While it's certainly possible to build a brand in the short-term without passion, it's almost impossible to sustain it in the long run.

Serious passion keeps propelling work hard and continually delivering greatness. That passion leads to enthusiasm and genuine joy, which is infectious.

Consumers often become just as enthusiastic about a product or service, leading to word of mouth advertising and referrals and preserving a business.

4. **Consistency**

When consumers come back to a business for repeat sales, they usually expect to receive the same level of quality as they did the first time. Restaurants and their food and service quality are a great example of this.

5. **Competitiveness**

For a brand to make a name for itself, team members should thrive on competition and constantly strive to improve.

Work tirelessly toward building and optimizing their brand

Going above and beyond consumer expectations. The end result tends to be a brand that is continually on the cutting edge of its industry.