BRENTWOOD
OPEN LEARNING COLLEGE

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~~Student Number:~~	11906
~~Course:~~	Business Management
~~Assignment NO:~~	1

~~Marking Criteria:~~

~~We expect the learners to write minimum one well expressed point in three lines against each allocated mark. This means one needs to write 15 lines with 5 well expressed points to get high grades for a 5 marks question.~~
~~For high grades use examples and illustrations where appropriate.~~

~~Student Statement:~~

~~By submitting this assignment, I confirm that this is my own work.~~

~~Student Signature~~	Silvia Schmidtova	~~Date~~	7.11.2017

~~For Tutor / Assessor Use Only~~

~~Total Marks~~	
~~Marks Obtained~~	
~~Percentage / Grade~~	

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ASSESSMENT # 1

1. **Define the following terms:**

a) Sole Proprietorship –

Is the individual (person) running his, or her own business, responsible personally for own debts, takes all responsibility for products, services, he/her provide. Sole Proprietorship is a single owner pays personal income tax on profits earned from the business. Usually we call Sole Proprietorship as the Entrepreneur. Sole Proprietorship is registered by secure local licence. It is a small business, for example: a single person, owner of local grocery shop.

Good example of Sole Proprietorship is home care assistant in Healthcare, caring of elderly people and seniors. Tutoring business, where tutor teaching students is nice example of Sole Proprietorship, using internet is quicker and give chance and opportunity for more people to make their dreams comes true. Another example is Housecleaning company, where business offering cleaning services. Or computers repairing business concentrate for repair computers, tablets and IT.

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b) Partnership (General) –

Means decision of two, or more people to run their company, work together, making decisions and share their profit as well risk with running their company. We can recognize two types of Partnership (General) – Limited, means individual invest money to the business, sharing profit between partners, but is not responsible for daily operations in a business. Next is Unlimited, where partners are responsible for debts and liabilities of business and together participate in daily operations in business.

Very good examples are doctor practises, dentist surgery. We can see good examples of Partnership (General) in Solicitors offices.

c) Corporation –

Is a popular form of business organisations, large and small. Corporation is owned by Shareholders to sharing their stocks. Corporation has got a Board of directors elected by shareholders to manage their corporation management.

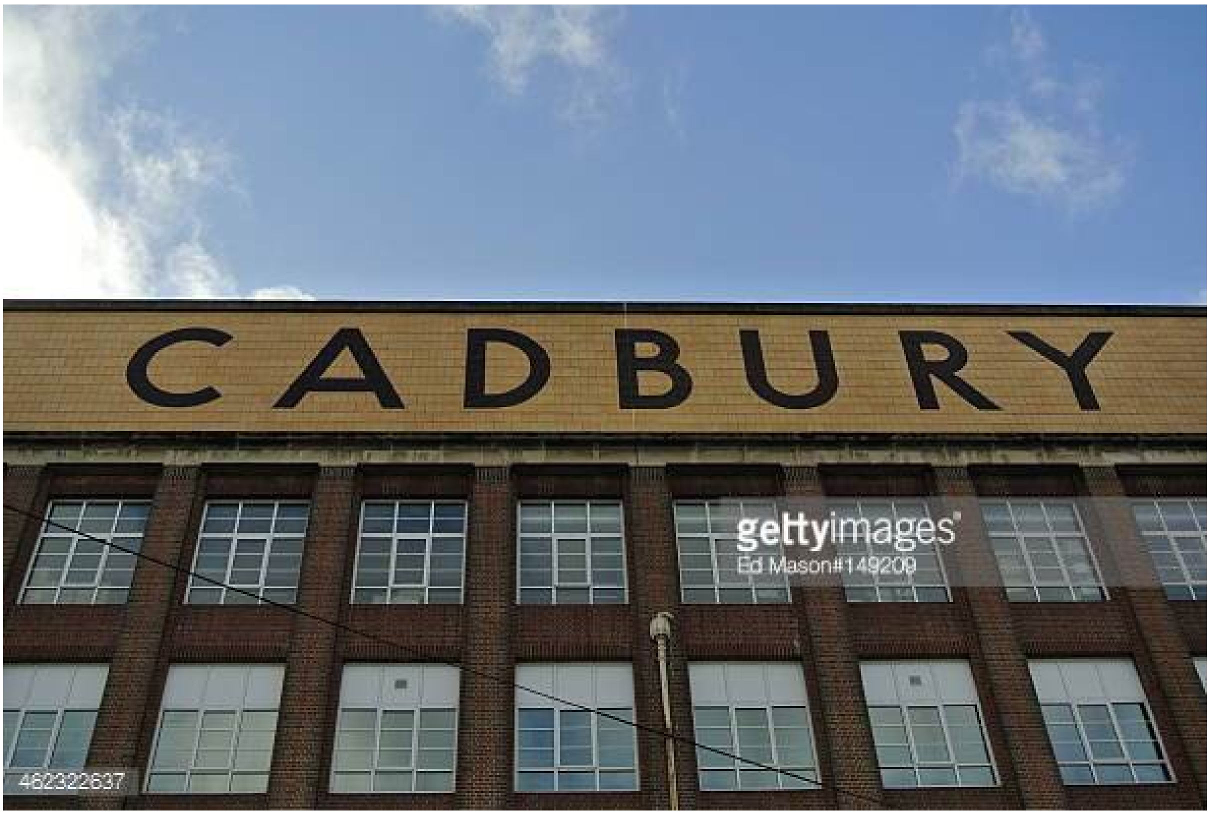
Sometimes business owners decide create new company, separate from their own business an Entity. Signing contract between Entity and their own company, pays taxis and files taxis separate from their own company.

Examples of Corporations companies in own life. I browse on internet and found names of companies, like Coca-Cola, Beko, Axa, Apple, Barclays, BASF, Boeing, Disney, Electrolux, Enel, Gillette, Google, Honda, IBM, KFC, Microsoft, Mobil and many more.

d) Join Venture –

By contract sing between two or more business owners with contribution of goods, monetary resources and services. Contract describe their responsibility, management structure in company, profit, losses, important things in their business enterprises.

Join Ventura is interesting for the businesses for reasons like – expansion, new product development, finding new markets for selling their products. Join Ventura give the businesses more resources, capacity, technical expertise and access to different markets on world. Fantastic examples of Join Ventura are Nokia, Cadbury, Microsoft, Pfizer, Corning, Ericsson, Amec, Chery Jaguar Land Rover Automotive Company.



2. **How a Business owner is different from a Entrepreneur:**

Business owner is a person, who run own company, own small business by himself, or with small group of people probably. Manage his/her business, make all important decisions, pay taxes from his profit, produce goods or services.

Daily we are dealing with business owners in small barber shops, hair stylish shops, antique shops, nails shops.

Successful business owner needs clear vision of the company future, strategic plan with following dreams, ongoing education – reading books, magazines, internet chatting with people from different business and entrepreneurs. Positive feedback from customers is important for any business and means a satisfaction, be ready for new opportunity and better plans. Important also is be always ready for hard time, which means be ready for loosing contracts or clients. So very important Motto: NEVER GIVE UP.

Entrepreneur has got a focus on systematizing his business, run business, focus of grow up and he making decisions selling his business for a profit, learn from mistakes have been done, listening advice others and take positives, without technical skills be able to attract people with technical skills and working with them. Entrepreneur has long term view, invest own money and goods to the business, is the one who tried solve all business issues, because with running business we can meet many issues. Entrepreneur working daily step by step to improve successful business. From history we found famous entrepreneur Hans Christian Anderson – writer. The richest men in the wold, entrepreneur Bill Gates, or Walt Disney – owner his animation company.

Answer question of differences between business owner and entrepreneur is different style of leadership and different ideas, how to run their own business.

3. **What the different organizational structure options available for a small business:**

Organizational structure: Functional is building a hierarchy, when all employees will be in one group with one, in charge.
Divisional organizational structure is building division in different regions by different products. Means organization have employees in different regions, or countries.

And Matrix organizational structure is combination of functional and divisional organization structure. Employees working in a team with leader. Matrix is appropriate on an international level, or different regions.
When individual decide start business it is almost simple, small organization structure. Business start growing up and organization structure change and then transition to another structure. Looks more like a Pyramid with business owner on top, managers and couple employees. Business owner needs someone to be responsible for human resources, hiring process, monetary resources, pay rolls, taxes. With more employees in different levels organizational structure can owner spend more time to running his business,

manage financial reporting, checking references, meeting new people important for business.

BUSINESS OWNER

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|

MANAGER ---------------- HUMAN RESOURCES ---------------- ADMIN

OFFICER

|

|

|

EMPLOYEES

Creating small business following easy step organization structure:

1. Sales and marketing – create sales in business is most important
2. Operations – important produce and delivery to the customers goods and services
3. Administration and Financial – keep business on track

Important Roles in a business: building website, online marketing, financial management, production, customer services, shipping, product development, accounting, management.

Each department lead specific person and each department has some role. If organization structure has two leaders, their bring to different personality to the business, which means one can bring energy and ideas, second probably great thinking and organizations skills.
Every individual need start thinking of organization structure, when start creating his or her new business.

4. **What is the role of Shareholders in a business:**

Shareholders are the owners of companies with important role in the financing, operations, governance and control role of a business.

Shareholders make a financial investment in the corporation, which entitles those with voting shares to elect the directors. Directors are responsible for managing company, or leading managers, responsible for managing all organization. Shareholders actually sharing and running company, wants to be a secure from financial losses. Reason for companies, or corporations to hold their stock, monetary resources in different companies to prevent their losses with responsibility to lead Board of Directors.

Shareholders not happy with managing company by directors may remove directors from Board of directors, or refuse elected directors. Large investors occasionally change Directors of Board on shareholders meetings, corporation meetings or private.

Shareholders usually don't make any decisions in company, which is running by Board of Directors. Board of Directors sometimes welcome shareholders view or their wishes. Directors also need shareholders for voting and agree for making changes in the company.

Shareholders can be individual or company holding at least one share of company stock, share profit, what company making and all benefits of company success means receiving dividends for each share by try increase companies stock.

Shareholders called also stockholders, because the owners of one or more stocks in company.

To be a shareholder in the company u need share information of type and numbers of company are shared and sharing value, which is capital. U need share information of type of share, make sure all shareholders gets right amount of dividend. And important role is how many votes are hold for shareholder, when company vote of things what matter.

Shareholders are people, owners a company, or some institution and share companies stock. Because there are organization owners, shared the benefits of company success increasing company stock valuation.

Shareholders and Directors have got different roles in company, which Shareholders own company and Directors manage it.

A Corporation is an incorporated entity designed to limit the liability of owners – shareholders. Shareholders are not personally liable for the corporation debts. Exist two ways, how Shareholders can make money in a corporation from owning of stock. Dividends – cash distribution of company profit and capital appreciation. Profit is on paper, so can disappeared when shareholders sale their stock.

Owners or Shareholders of companies are limited by the Quantity of shares, which owned in the company.

Successful company paid to Shareholders dividend and amount is declared with a payable date. Companies survive by their stock.

Shareholders have little power over directors and managing and running company with general role attend meetings and discuss information on the agenda to ensure the directors do not go beyond their powers. Directors can calls meeting least 21 days before and shareholders attending to be there.

Main duty of shareholders is to vote on general meetings, means their control company and how company is a managed.

5. **Discuss in detail the Role of CEO in a business**

CEO is headed by corporation. He is a leader and manager of all operation in a corporation, take responsibility for shareholders businesses with Board of directors.

CEO is elected by a Board of Directors to manage day by day decisions and implementing the companies any future plans.

He acts between Board of Directors and Management , communicate between two parties. He is very powerful and competent and if Board of Directors is unable to run, CEO leading company without Board. This situation called mismanaged.

CEO recommended candidates for Board of Directors by bidding for them.

The chairman of Boards can supervise CEO by choosing right candidates for the Board of Directors. The Board actually don't need to know candidates, just make agreement for CEO bidding.

CEO is control by Board of Directors. He leads and manage company while chairman of Board headed The Board while control CEO.

Success of CEO is required, important is avoid mistakes, this means absolutely knowledge of his job and be hundred percent skills full, building culture, meet of employees needs and many more responsibility.

But Board of Directors played important role of monitoring action and all activities of the CEO, checking good financially rates, making sure for meeting companies obligations and following law.

CEO is a highest rating officer in a company, sometimes a company president and sometimes chairman of Board of Directors. Chairman of the Board is providing leadership of the Board of Directors of the Company. He is accountable to the Board and working and communicate between the Board of Directors and CEO. Chairman of the Board is independent from CEO, management, business or interest of organization.

Chairman of Board of Directors has got independent opinion and make independent decisions from company and shareholders.

Chairman of the Board accord advice for the Board of Directors and for CEO, provide correct information to the Board to be able make appropriate judgments to develop and set up agendas for meetings of the Board of Directors, admit all meetings of the Board by personally review and sign minutes of Board meetings.

Another Chairman responsibility is attend on other committee of the Board and call special meetings.

Chairman and CEO determine annual meetings for Shareholders, the Agenda for the Meetings, date and location, dealing as Chair of Shareholders.

Chairman of the Board of Directors ensure that on a meeting of Board, the Directors hold discussions without management present.

Company leaded by CEO has got different organisational structure, on top is CEO with competence manage and make decisions.

Before 20 th century, many companies were small, run by families. Today we have large companies – international conglomerates that trade on one or more exchanges.

Looking after Shareholders interest are creating a Corporations, which elected corporate hierarchy of Board of Directors as first tier and a Management as second tier. Management are elected by Board of Directors in a company.
Board of the Directors has two type representatives, which is inside directors – CEO, CFO, manager, person who works for company every day on daily basis. And outside directors, who working externally and outside from company.

The role of the Board is to monitoring corporation management and acting as an advocate for shareholders.
Inside Directors are responsible for budgets prepared by management, monitoring business strategy, initiatives and projects.
Outside Directors got same strategy in company as inside Directors, there are not management part.
Management Team are responsible for daily run of company and top of management is CEO, as a top manager running company, make decisions and is practically designated as a President of a Company.
CHIEF OPERATION OFFICER – responsible for operations in company – means productions, operations, distributions on daily basis.
CHIEF FINANCIAL OFFICER – responsible to analyse and report and review financial data and preparing analyses and budget, which reporting to CEO directly. CFO referred to senior vice president, also checked the corporation financial integrity and health.
So management is responsible for daily companies operations, this is a the Theory of business, reality is that many boards and people are without management.

When someone would like start business, it is usually to check another company to start business with. Good sign is separation CEO and Chairman of the Board. And a variety of professional expertise on the Board from accounts, layers and executives.

In many companies CEO, which is on top management position, working same as the Chairman of the Board of Directors. Holding both positions is not always effectively and best way could be separate two positions. CEO gets compensation from shareholders profits, when working as the Chairman of the Board, he can vote for his or her own compensation.

Of a companies Board of Directors is an operating committee call audit committee in order to be listed on a stock exchange and their members are outside directors. Audit committees communicate with CFO and controller. The roles of audit committee are the oversight of financial reporting, accounting policies, external audits and checking of risk management.

Audit Department is Breaking Down Audit Department for control and oversight business areas, writing books and records of company.

Another Department is Field Audit led by Internal Revenue Service. Next is Correspondence Audit means tax audit that the Internal Revenue Service dealing by email.

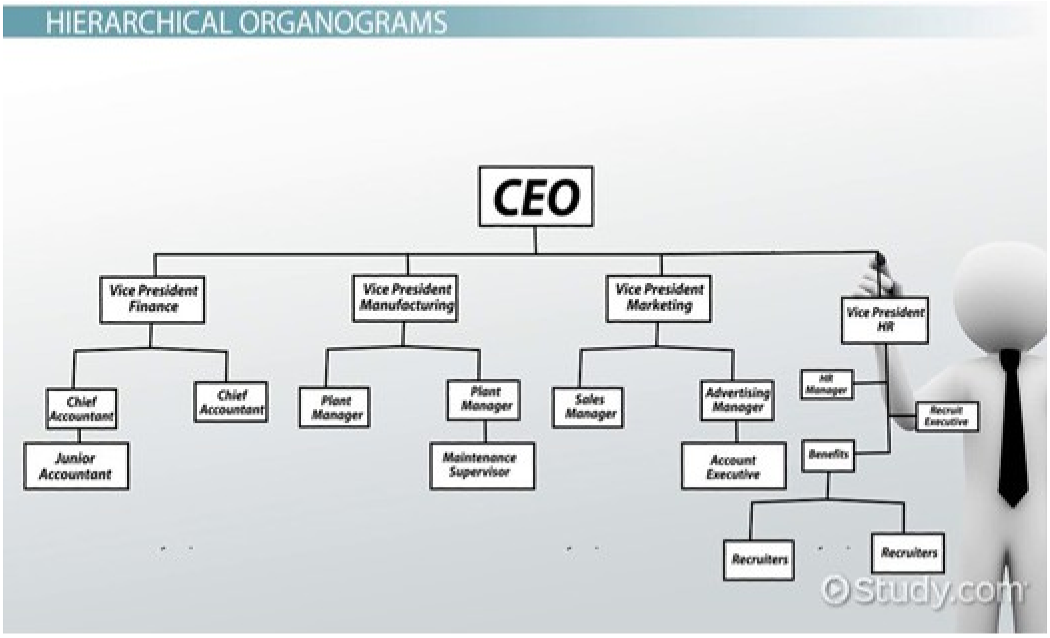
Audit means financial statement of company, can be done internally by employees, or externally by outside firms. Audit make IRS as well. Breaking Down Audit looks for, we called material error, give a shareholder useful information.

Auditing Evidence provide information of financial statement by a public account.

Checking bank balances, financial transaction bookkeeping in a statutory audit. Nobody perfect, even Audit. There is a Risk of making mistake in companies Audit, financial report free from material report. Audit is very important for firm, shareholders, investors so may carry legal liability for a CPA firm performing audit.

Responsibility for Audit has Audit Department, who preparing on detail companies Audit.

Important is a Social Audit recording social environment, energy use, voluntary activities, workers and benefits and Horizontal Audit, which evaluation one process across many departments or groups within enterprise.


HIERARCHICAL ORGANOGRAMS
CEO
Vice President Finance
Vice President Manufacturing
Vice President Marketing
Vice President HR
Chief Accountant
Chief Accountant
Junior Accountant
Plant Manager
Plant Manager
Maintenance Supervisor
Sales Manager
Advertising Manager
Account Executive
HR Manager
Recruit Executive
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