PRELIMINARY BUSINESS STUDIES

Business Management: The Management Process

REVISION

Coordinating business functions, operations, marketing, finance, human resources and ethical behaviour

Learning intention

We are revising how a business coordinates its key functions and resources, and reminding ourselves of the core knowledge in operations, marketing, finance, human resources and ethical business behaviour.

Success criteria - I can:

- I can explain why key business functions need to be coordinated, and how resources are organised.
- I can describe the production process and distinguish quality control, quality assurance and TQM.
- I can identify a target market and outline the marketing mix.
- I can outline the purpose and structure of the cash flow statement, income statement and balance sheet.
- I can describe recruitment, training, employment contracts and the two types of separation.
- I can explain ethical business behaviour and strategies to reconcile conflicting stakeholder interests.

PART 1

Coordinating Key Business Functions and Resources

Why coordination matters

Operations, marketing, finance and HR must work together - each depends on the others to do its job. This is interdependence.

When the four functions work together well, the business achieves synergy - more together than any one function could achieve alone.

1

OPERATIONS

Needs funds from finance and demand information from marketing before it can produce.

2

MARKETING

Needs a budget from finance and a reliable supply from operations to deliver on its promises.

3

FINANCE

Needs accurate figures from every function to plan and allocate money correctly.

4

HUMAN RESOURCES

Needs to know what skills each function requires so it can recruit and train the right people.

Organising resources

Organising means deciding what needs to be done, who will do it, and how tasks and resources are grouped together.

1

WHAT

The tasks and activities the business needs to complete to meet its goals.

2

WHO

Which people or teams are responsible for each task.

3

HOW

How tasks and resources are grouped - by function, product, or location.

4

RESOURCES

Human, physical and financial resources are allocated efficiently to meet objectives.

Quick check: interdependence in action

A cafe's marketing team runs a big weekend promotion, but forgets to tell the kitchen. On the day, they run out of stock by 11am.

Task: which business function let the others down, and why does this show interdependence? Next slide has the answer.

Answer: interdependence in action

Operations

Operations ran out of stock because it wasn't given advance warning - it needed information from marketing to plan production.

Why it matters

Every function depends on the others. A coordination gap in one function quickly becomes a visible failure for the whole business.

PART 2

Operations

Goods vs services

GOODS

Tangible - can be touched, stored and owned. Often standardised. A gap exists between production and consumption.

SERVICES

Intangible - cannot be touched or owned. Often customised. Production and consumption happen at the same time.

Most products are a mix of both

e.g. a restaurant meal: tangible food, plus the intangible service and atmosphere - the goods/services continuum.

The production process

Inputs are transformed into outputs that customers want to buy.

1

TRANSFORMED RESOURCES

Materials, information and customers - the things the process works on.

2

TRANSFORMING RESOURCES

Human resources and facilities/equipment - what does the transforming.

3

THE PROCESS

Turning inputs into a finished good or a delivered service.

4

OUTPUTS

The goods and/or services the business sells to its customers.

Quality management

Quality can be checked after the fact, or built into how the whole business works.

1

QUALITY CONTROL

Inspecting and measuring output at points in production to catch defects - reactive.

2

QUALITY ASSURANCE

A system, e.g. ISO 9000, that sets and checks standards throughout production - proactive.

3

TOTAL QUALITY MANAGEMENT

A whole-business approach where every employee is responsible for getting it right the first time.

Quick check: quality management

A car manufacturer inspects each car at the end of the production line for faults, and separately trains staff so mistakes are caught earlier in the process.

Task: which sentence describes quality control, and which describes a step toward TQM? Next slide has the answer.

Answer: quality management

Quality control

Inspecting the finished car at the end of the line is checking after production is already done.

Toward TQM

Training staff so quality is built in earlier means everyone takes responsibility for getting it right the first time.

PART 3

Marketing

What is a target market?

A target market is the group of present and potential customers a business aims its marketing efforts at.

1

WHY IT MATTERS

Lets a business direct its limited resources efficiently, instead of marketing to everyone.

2

RESEARCH, NOT GUESSWORK

Found through market research, not assumptions about who might buy.

3

SHAPES EVERYTHING ELSE

The target market decides the marketing mix - what's sold, at what price, how it's promoted, and where it's sold.

Primary vs secondary target market

PRIMARY

The main group a business directs most of its marketing effort toward - its most frequent, valuable customers.

SECONDARY

A smaller, secondary group that also buys the product, but isn't the main focus.

Together, the full customer picture

e.g. a gym's primary target market might be busy nearby professionals; a secondary target market could be retirees who come at off-peak times.

Four ways to segment a market

A business breaks the total market into smaller groups with something in common - this is segmentation.

1

AGE & FAMILY (DEMOGRAPHIC)

Age, gender, income and family stage.

2

WHERE THEY LIVE (GEOGRAPHIC)

Urban, rural, a particular state, or global.

3

LIFESTYLE & VALUES (PSYCHOGRAPHIC)

How they live, what they value, their attitudes.

4

BUYING HABITS (BEHAVIOURAL)

How often they buy, and what benefits they're after.

The marketing mix: turning research into action

Once a business knows its target market, it makes four sets of decisions to reach that market.

HSC overlap: the Preliminary syllabus only says 'marketing mix' - the depth on the next four slides is standard textbook elaboration, the same way this deck's Operations content is.

1

PRODUCT

What's actually sold.

2

PRICE

What it costs.

3

PROMOTION

How customers hear about it.

4

PLACE

How it reaches the customer.

Product

Product decisions are about exactly what the business is offering - not just the item itself.

1

VARIETY

The range of products or versions on offer.

2

FEATURES & QUALITY

What it does, and how well it's made.

3

BRANDING & PACKAGING

The name, look and packaging that build recognition.

4

POSITIONING

Where it sits against competitors - budget, mid-range or premium.

Price

Price decisions balance what customers are willing to pay against what the business needs to earn.

1

PRICING METHODS

Cost-based, market-based or competition-based pricing.

2

PRICING STRATEGIES

Skimming (start high), penetration (start low), discounting.

3

PRICE AND QUALITY

A higher price can itself signal higher quality.

4

VALUE FOR MONEY

Customers weigh price against what they actually get.

Promotion

Promotion is how a business tells its target market the product exists, and why they should buy it.

1

ADVERTISING

Paid, mass-reach messages - TV, social media, print.

2

PERSONAL SELLING

Direct, one-to-one contact with a customer.

3

SALES PROMOTIONS

Short-term incentives - discounts, competitions, samples.

4

PUBLICITY & PR

Free or earned media coverage and reputation management.

Place

Place decisions are about how the product actually gets from the business to the customer.

1

DISTRIBUTION CHANNELS

Direct to the customer, or through retailers and wholesalers.

2

CHANNEL CHOICE

Intensive (everywhere), selective (some outlets), or exclusive (one outlet).

3

PHYSICAL DISTRIBUTION

Transport, warehousing and holding stock.

4

ONLINE VS IN-STORE

Increasingly, a mix of both.

The extra 3Ps for services

The closer a product sits to the services end of the goods/services continuum, the more these three matter too.

HSC overlap: this 3-part extension belongs to the HSC Marketing topic, not a separate Year 11 dot point - useful context, but only the core 4Ps are required here.

1

PEOPLE

Staff who deliver the service and shape the customer's experience.

2

PROCESS

The steps and systems used to deliver the service consistently.

3

PHYSICAL EVIDENCE

The tangible cues, like decor or uniforms, that signal quality.

Quick check: the marketing mix

A new gym sets membership at a slightly higher price than average, trains staff to greet every member by name, and posts short workout videos on social media.

Task: match each detail to a P in the marketing mix. Next slide has the answer.

Answer: the marketing mix

Price

Setting membership higher than average is a pricing decision.

People & Promotion

Staff training on customer experience is 'people'; the social media videos are 'promotion'.

PART 4

Finance

The cash flow statement

Net cash flow = total cash inflows minus total cash outflows, for a period of time.

1

INFLOWS

Cash sales and interest received - money that has actually arrived.

2

OUTFLOWS

Wages, supplier payments, loan repayments - money that has actually left.

3

CASH, NOT SALES

A credit sale or a credit purchase does not count until the cash itself changes hands.

4

WHY IT MATTERS

Shows whether the business can pay its bills on time - a run of deficits signals trouble.

The income statement

Sales revenue minus COGS equals gross profit; gross profit minus expenses equals net profit.

1

SALES REVENUE

Total income earned from selling goods or services.

2

COST OF GOODS SOLD

Opening stock + purchases - closing stock.

3

GROSS PROFIT

Sales revenue minus cost of goods sold.

4

NET PROFIT

Gross profit minus all other expenses - the most realistic profit figure.

The balance sheet

Assets = Liabilities + Owner's Equity.

1

ASSETS

What the business owns - cash, stock, equipment, property.

2

LIABILITIES

What the business owes - loans, accounts payable.

3

OWNER'S EQUITY

The owner's stake in the business - assets left after debts are paid.

4

A SNAPSHOT

Shows financial position at one point in time, not over a period.

Point in time vs over a period

BALANCE SHEET

A snapshot of what the business owns and owes on one specific date.

INCOME & CASH FLOW STATEMENTS

Both cover a period of time - what came in and went out between two dates.

Together, the full financial story

Profit on the income statement does not always mean cash in the bank - that's exactly what the cash flow statement checks.

Quick check: gross profit

A business has Sales Revenue of $50,000 and Cost of Goods Sold of $30,000.

Task: calculate the Gross Profit. Next slide has the answer.

Answer: gross profit

Gross profit = $20,000

Sales Revenue $50,000 minus Cost of Goods Sold $30,000.

Remember

Net profit would still need total expenses subtracted from this figure.

PART 5

Human Resources

The human resource process

Human resource management moves through four stages across an employee's time with the business.

1

ACQUISITION

Recruiting and selecting the right people.

2

DEVELOPMENT

Training and developing their skills.

3

MAINTENANCE

Keeping staff motivated, safe and rewarded.

4

SEPARATION

Managing how and why staff eventually leave.

Recruitment: internal vs external

INTERNAL

Filling a role from existing staff - faster, cheaper, and rewards loyalty.

EXTERNAL

Advertising, agencies or word-of-mouth to bring in new people and fresh skills.

Before recruiting: job analysis

A job description (the duties) and a job specification (the qualifications needed) are written first.

Training: on-the-job vs off-the-job

ON-THE-JOB

Informal training at the workplace - coaching, mentoring, job rotation.

OFF-THE-JOB

Formal training away from daily duties - external courses, workshops, induction.

Why it matters

Skilled, well-trained staff are harder for a competitor to copy than a product - a real source of advantage.

Employment contracts

A legally binding agreement between employer and employee, covering wages and conditions.

1

NATIONAL EMPLOYMENT STANDARDS

The legal minimum conditions set by the Fair Work Act.

2

AWARDS

Minimum wage and conditions for a specific job category.

3

ENTERPRISE AGREEMENTS

Workplace-level agreements - staff must be left better off overall.

Separation: voluntary vs involuntary

VOLUNTARY

The employee chooses to go - resignation, retirement, or the end of a contract.

INVOLUNTARY

The business ends the employment - dismissal, retrenchment or redundancy.

Why separation is costly

Every departure means re-recruiting and retraining - exactly why coordinating HR with the other functions matters.

Quick check: separation

After 40 years with the same company, an employee decides it's time to retire.

Task: is this voluntary or involuntary separation? Next slide has the answer.

Answer: separation

Voluntary

The employee made the choice to leave - retirement is a classic example.

Compare

Involuntary separation is the business ending the employment, e.g. redundancy or dismissal.

PART 6

Ethical Business Behaviour

Ethical vs legal

Acting legally is the minimum - acting ethically means following the spirit of the law, not just the letter.

1

CUSTOMERS

Honest advertising and fair dealing, not just what the law technically allows.

2

EMPLOYEES

Fair pay, safe conditions and respectful treatment.

3

ENVIRONMENT

Responsible use of resources, waste and sourcing.

4

COMMUNITY

Considering the wider impact of decisions, not just shareholders.

Qualities of an ethical manager

Ethical managers are judged as much by how they lead as by what the business achieves.

1

INTEGRITY

Doing the right thing even when no one is checking.

2

HONESTY

Being truthful with staff, customers and stakeholders.

3

FAIRNESS

Treating people and competing decisions even-handedly.

4

ACCOUNTABILITY

Owning outcomes and leading by example.

Reconciling conflicting stakeholder interests

Stakeholders often want different things at once - owners want profit, employees want secure wages, customers want low prices.

1

OPEN COMMUNICATION

Consulting stakeholders instead of deciding in isolation.

2

BALANCING GOALS

Weighing financial goals against social and environmental ones.

3

CODES OF CONDUCT

A written set of ethical standards staff are expected to follow.

4

CSR PROGRAMS

Corporate social responsibility initiatives that give back beyond the legal minimum.

Debate: can a business be ethical and still profit?

FOR: acting ethically builds trust, loyalty and reputation, which supports profit long-term.
AGAINST: ethical choices, like fair wages or sustainable sourcing, often cost more right now.

Task: split into for and against teams. Use a real or hypothetical business example to build your case.

Quick check: legal vs ethical

A cafe pays staff correctly under the award, but quietly switches to a cheaper supplier with known unsafe farming practices to protect its profit margin.

Task: is this legal? Is it ethical? Next slide has the answer.

Answer: legal vs ethical

Legal, but...

Paying award wages meets the legal minimum.

Not necessarily ethical

Knowingly sourcing from unsafe practices fails the 'spirit of the law' test, even if no law is broken.

Quick-fire recap

How many can you answer without checking your notes?

1

Q1

Name the three categories on a cash flow statement.

2

Q2

What's the difference between quality control and quality assurance?

3

Q3

Name two of the 4Ps.

4

Q4

Give one example of voluntary separation.

Quick-fire recap: answers

Q1 & Q2

Operating, investing, financing. | Control checks/inspects after; assurance sets a system that checks throughout.

Q3 & Q4

Product, price, promotion or place (any two). | Resignation or retirement.

Revision checklist

Before you move on, check yourself honestly against each success criterion from the start of this deck.

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The big picture

All five functions must be coordinated - and run ethically - for a business to reach its goals.

Ethical business behaviour sits over the top of every one of these functions, not apart from them.

1

OPERATIONS

Turns inputs into the goods and services customers buy.

2

MARKETING

Finds and serves the target market.

3

FINANCE

Funds and measures the business's performance.

4

HUMAN RESOURCES

Recruits, trains and manages the people who make it all happen.

References

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