

Business Skills for E-Commerce



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Unit Abstract

Organizations of all sizes, structures and aims can benefit from the opportunities made available by the intelligent application of communication based technologies and there will always be a need for practitioners who have a good understanding of those technologies. E-Commerce has become a vital part of an organization's ability to reach out to the marketplace and position itself to maximize commercial returns on investment.

Poor choices of technology and processes will result in poorly managed opportunities which could lose business, market position and profitability. Learners will investigate the values of business skills by exploring current, topical examples of e-Commerce practices. Learners will consider how to design an e-Commerce solution to the best advantage of the organisation and its stakeholders (for example employees, suppliers and customers). Learners will explore current legislation concerning e-Commerce based trading, organizational responsibilities and finance/payment systems.

The first part of the unit considers the structure and aims of organizations to better understand how they could benefit from an e-Commerce structure. Then follows an opportunity to investigate and evaluate the impact of e-Commerce systems on organizations and their Stakeholders. Once these areas have been studied the learner will be in a position to examine the process of the development of an e-Commerce presence followed by the opportunity to design an e-Commerce system.

Learning outcomes

On successful completion of this unit a learner will:

1. Understand the structure and aims of business organizations
2. Understand the impact of e-Commerce
3. Be able to design e-Commerce solutions.

Unit content

01. Understand the structure and aims of business organizations

Organizations: type eg. private, public, voluntary, charitable business organizations;
Aims eg. profit, market share, Return on Capital Employed (ROCE), sales; growth, customer service;

Political, Economic, Social and Technological (PEST) analysis

Stakeholders: identification of stakeholders; satisfying stakeholder objectives; pluralist perspectives; the concept of corporate mission objectives and policies

Business functions: key internal business functions eg marketing, sales, accounting, administration; Management Information Systems (MIS), operations

02. Understand the impact of e-Commerce

Consumer impact: empowered customers eg online sales, direct communication with customers, greater choice, lower prices, availability of new products; global markets; new marketing models; on-line advertising

Business impact: global business and consumer markets; issues eg challenge of new technology, security issues, impact and implications of dealing with customers on-line, creating new distribution channels, greater competition, challenge to monopoly power, retraining

of staff, lower overheads, new selling chains; legislation

03. Be able to design e-Commerce solutions

Objectives: business idea eg unique selling proposition, business-to-business opportunities,

business to consumer markets; domain name

Market research: purpose of research eg identifying information sources, online and offline

competition; types of research eg primary, secondary

Target markets: market analysis eg size, characteristics, dynamics, competitors, historical background, emerging trends, market share, market segmentation

Key processes: technology requirements eg hardware, software, security, maintenance, back

end systems; supply sources; distribution channels

e-Commerce: payment systems eg electronic cheque, PayPal, NoChex, credit or debit cards;

start-up capital; working capital; funding sources

Security: key areas eg prevention of hacking, viruses, identity theft, firewall, impact on site performance, Secure Sockets Layer (SSL), Secure HTTP (HTTPS), digital certificates, strong

passwords, alternative authentication methods

Legislation: relevant legislation eg Data Protection Act 1998, Computer Misuse Act 1990, Consumer Credit Act 1974, Trading Standards, Freedom of Information Act 2000, copyright

Legislation

Resources

Books

Chaffey D – E-business and E-Commerce Management, Fourth Edition (FT Prentice Hall, 2009) ISBN 0273719602

Courtland B, Thill J – Business in Action (Pearson, 2010) ISBN 0132546884

Hall D, Jones R, Raffo C, Anderton A, Chambers I and Gray D – Business Studies (Causeway Press, 2008) ISBN 1405892315

Laudon K, Guercio Traver C – E-Commerce 2010: International Version: Business, Technology, Society (Pearson, 2009) ISBN 0135090784

Malmsten E, Leander K, Portanger E and Drazin C – Boo Hoo: A Dot.com Story from Concept to Catastrophe (Arrow Books Ltd, 2002) ISBN 0099418371

Rich J – Design and Launch an eCommerce Business in a Week (Entrepreneur Magazine's Click Starts) (Entrepreneur Press, 2008) ISBN 1599181835

Ridderstrale J and Nordstrom K – Funky Business Forever (Prentice Hall, 2007) ISBN 0273714139

Stanwick P, Stanwick S – Understanding Business Ethics (Prentice Hall, 2008) ISBN 013173542X

Vise D – The Google Story (Pan, 2008) ISBN 0330508121

Wood G and Mellahi K – The Ethical Business: Possibilities, Challenges and Controversies (Palgrave Macmillan, 2002) ISBN 0333949935

Journals

Business Review Magazine (Phillip Allan Publishers – see www.phillipallan.co.uk)

The Economist (The Economist Newspaper Group, Inc)

Learning outcome – 01

Types of Business Organizations

Basically, an organization in its simplest form is a person or group of people intentionally organized to accomplish an overall, common goal or set of goals. Business organizations can range in size from one person to tens of thousands. There are several important aspects to consider about the goal of the business organization. These features are explicit (deliberate and recognized) or implicit (operating unrecognized, "behind the scenes"). Ideally, these features are carefully considered and established, usually during the strategic planning process.

The main aim of the business is to produce profit for their business and in the other hand the services. There are 4 types of business organization. Some business organization are only considered about the services.

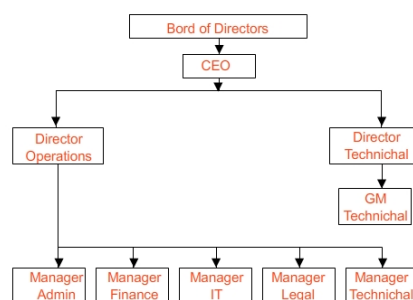
The business defined "The production and distribution of goods and services to satisfy the needs and wants of the consumer".

Types of Business Organizations;

01. Public
02. Private
03. Voluntary
04. Charitable

1. Private

- Private companies are owned by a group of people.
- The profit and shares are controlled by the group within their limited organization, without concerning about out of the business.
- Management activities are conducted on a well defined primitive structure of organization
- The Organization structure of private business organization is;



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2. Public

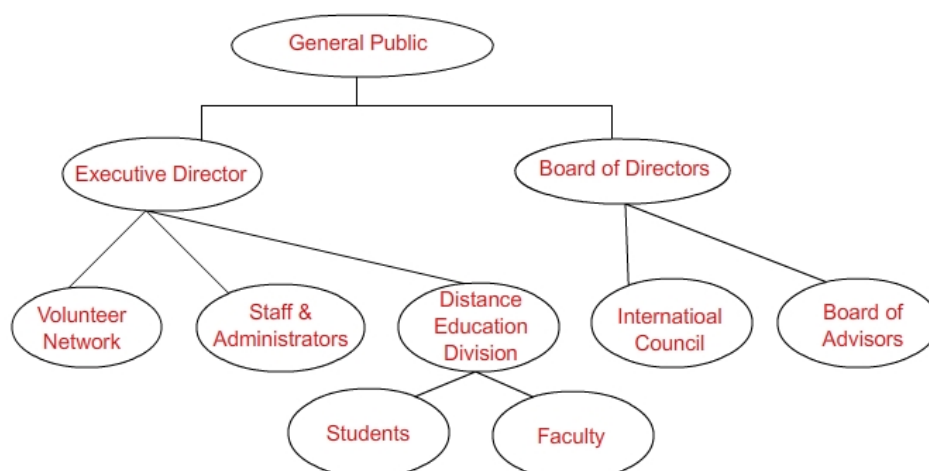
- Public organizations are owned by democratize people.
- Managed by selected members from the public elections held on general meetings.
- Public Organizations are social systems (social organization: the people in a society considered as a system organized by a characteristic pattern of relationships; "the social organization of England and America is very different"), hence complex.
- Public organizations deliver public services with more or less efficiency, equity (fairness/justice/fair play), honesty, and accountability.

Definition of 'Public Limited Company - PLC'

The standard legal designation of a company which has offered shares to the general public and has limited liability. A Public Limited Company's stock can be acquired by anyone and holders are only limited to potentially lose the amount paid for the shares. It is a legal form more commonly used in the U.K. Two or more people are required to form such a company, assuming it has a lawful purpose.

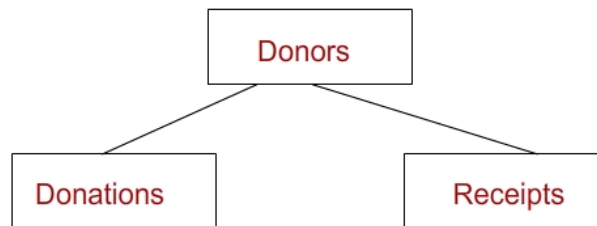
3. Voluntary

- Voluntary organizations mainly focus on services rather than profit.
- Commonly these organizations are called by the name of nonprofit organization.
- This kind of an organization is formed by social well wishers with a thought of community or humanity of perspective.
- A voluntary organization's structure;



4. Charitable Business/Organizations

- This organization provides services to the society from accumulated (collected) funds that are given by socially interested people.
- The main aim of this organization is to produce services.
- A basic charitable business organization structure as follow



Examples (Sri Lankan organizations)

Private	Public	Voluntary	Charitable
Brandix Apparel Ltd	Asiri Central Hospitals Plc	RED Cross	Federation of Wildlife Conservation

Source: <http://www.securities.com/Public/company-profile/LK/page1.html>

The Business Core Function

The main Business Function can be classified as follows

Human Resources

The human resources of a business are its employees. Wise organizations look after their staff on the basis that if they are well trained and committed to the aims of the business, the organization is more likely to be successful.

- Recruitment and relation
 - Job Description
 - Person Specification
- Dismissal (removal from office)
- Redundancy (being without a job/jobless)
- Motivation
- Professional development and training
- Health and safety and conditions at work
- Liaison (link/connection) with trade unions

Human resource functions

- Advertising job vacancies
- Notifying staff of promotion opportunities
- Receiving and recording all job applications, arranging interviews and notifying candidates of their results
- Sending contract of employment and other essential information to new staff
- Arranging staff training and encouraging continuous professional development
- Monitoring the working conditions of staff
- Checking health and safety and keeping accident records
- Recording sick leave and reasons for absence
- Carrying out company welfare policies, e.g. long-service awards and company loans
- Advising managers on the legal rights and responsibilities of the company and its employees
- Keeping records of grievances (complaint/criticism/objection) and disciplinary actions and their outcome
- Monitoring the terms and conditions of employment, including wage rates
- Maintaining staff records
- Liaising (connection/link) with staff associations or trade unions which represent the workforce

The administration function

Administration is a support function required by all businesses – and this does not mean just doing keyboarding or filing. Senior administrators carry out a wide range of tasks, from monitoring budgets to interviewing new staff for their departments.

Administration Functions

- Collecting, distributing and dispatching the mail
- Storing and retrieving paper and electronic records
- Organizing meetings and preparing meetings documents
- Responding promptly to enquiries
- Preparing documents using word processing, spreadsheet and presentation packages, such as PowerPoint
- Researching information
- Sending and receiving messages by telephone, fax and email
- Making arrangements for visitors.
- Making travel arrangements
- Purchasing supplies of office stationery and equipment
- Making arrangements for events, such as interviews or sales conferences

The customer service function

All businesses must look after customers or clients who have an enquiry, concern or complaint. Today, customer expectations are high. When people contact a business they expect a prompt, polite and knowledgeable response. Unless they get a high level of service they are likely to take their business elsewhere in the future.

Customer Service Function

- Answering customer enquiries about products and services
- Providing specialist information and advice to meet customer needs
- Solving customer problems
- Providing after-sales service, including replacing damaged goods, arranging for repairs or for spare parts to be obtained and fitted
- Dealing with customer complaints according to company procedures
- Analyzing records of customer complaints to resolve problem areas
- Using customer feedback to improve customer service and satisfaction

The Distribution Function

Distribution means ensuring that goods are delivered to the right place on time and in the right condition. Some companies, such as Amazon, EBay, deliver direct to the customer, particularly when goods are bought online.

Distribution Functions

- Ensuring all goods are appropriately stored before dispatch
- Ensuring goods for dispatch are securely packed and correctly labeled
- Checking vehicle loads are safe and secure
- Ensuring goods are dispatched at the right time
- Checking that all deliveries match orders precisely and notifying sales if there is a discrepancy (inconsistency/difference)
- Completing the delivery documents
- Planning and scheduling vehicle routes
- Notifying sales staff of delivery schedules so that customers can be informed
- Dealing with distribution problems, eg through bad weather or vehicle breakdown

The Finance Function

Most entrepreneurs consider this is the most important function in the business. This is because all businesses need a regular stream of income to pay the bills. Finance staff record all the money earned and spent so that the senior managers always know how much profit (or loss) is being made by each product or each part of the business and how much money is currently held by the business.

Finance Functions

- Producing invoices, checking payments are received and chasing up overdue payments
- Recording money received
- Checking and paying invoices received
- Preparing the payroll and paying staff salaries
- Monitoring departmental budgets to check managers are not overspending
- Issuing regular budget reports to all departmental managers
- Producing cash flow forecasts and regular financial reports for senior managers
- Advising senior managers on sources of finance for capital expenditure (spending/expenses)
- Producing the statutory (legal/constitutional) accounts each year

The ICT Function

Today, even the smallest businesses need someone who understands ICT and what to do if something goes wrong. This is vital, because the number of crucial business tasks now carried out on computer and the importance of the data stored in the system mean that any system failure can be a disadvantage for the company or loss.

ICT Functions

- Recommending new/updated systems and software to keep abreast(side by side/) of technological developments and the needs of the business
- Buying and installing new hardware and software and providing information or training as appropriate
- Assisting users who have computer problems
- Repairing the computer system when required
- Advising on/obtaining/issuing computer supplies and consumables
- Connecting new or additional equipment to the system
- Installing a security system which limits access to authorized users and protects against hackers and viruses
- Technically maintaining the company website
- Monitoring staff computer use for compliance(fulfillment) with the company IT policy
- Operating a back-up system for critical data so, can be recovered quickly in an emergency

The marketing function

Marketing is all about identifying and meeting customer needs. Many businesses consider this so important that they are said to be marketing led. In this case, everyone in the organisation is trained to put the customer first – from the production worker, who has to produce high quality goods, to the accounts clerk, who must respond to a customer enquiry promptly and accurately.

Marketing Function

- Carrying out market research to obtain feedback on potential and existing products and/or services
- Analyzing market research responses and advising senior managers of the results and implications (suggestions)
- Promoting products and services through a variety of advertising and promotional methods, e.g. press, TV, online, direct mail, sponsorship and trade shows or exhibitions
- Obtaining and updating a profile of existing customers to target advertising and promotions appropriately
- Producing and distributing publicity materials, such as catalogues or brochures
- Designing, updating and promoting the company website

The sales function

Sales are a crucial function for all businesses. It is pointless having superb products or services if no one buys them. For that reason, most businesses have sales targets as part of their aims and objectives. Meeting these is the responsibility of the sales staff or sales team.

Sales Function

- Organizing sales promotions
- Responding to customer enquiries
- Selling the product or service to customers, either over the telephone or face to face
- Preparing quotations or estimates for customers
- Negotiating discounts or financial terms for business customers
- Providing technical advice
- Keeping customer records up to date

The production function

Production refers to the manufacture or assembly of goods. Production staff must ensure that goods are produced on time and are of the right quality. Quality requirements can vary considerably.

Production Function

- Ordering (often buying) stocks of raw materials from approved suppliers
- Storing and checking the stocks of raw materials
- Planning production schedules to maximize machine capacity and staff levels
- Producing or assembling the finished product
- Checking the quality of the product throughout the production process
- Checking production is on schedule and resolving delays or problems
- Packing and storing the final products before distribution
- Scheduling routine machinery inspections and maintenance
- Carrying out repairs to machinery and equipment as required

The research and development function

This function is concerned with new product developments as well as improvements to existing products or product lines. In many industries, it also involves product design as well.

Research and Development Function

- In the pharmaceutical industry, scientists research and develop new medicines and drugs

- In the food industry, technologists work with chefs to prepare new products such as ready meals, sauces or flavorings.
- Electronic and IT companies concentrate on new technology products and software, such as HD televisions, the Sony Play station and iPod accessories
- In the aerospace and car industries, engineers focus on improving performance and safety whilst reducing emissions or noise. Designers concentrate on the shape and look, both internally and externally

Purpose of Organizational Structure

Organizational structure is about definition and clarity. Think of structure as the skeleton supporting the organization and giving it shape. Just as each bone in a skeleton has a function, so does each branch and level of the organizational chart. The various departments and job roles that make up an organizational structure are part of the plan to ensure the organization performs its vital tasks and goals.

Purpose

Organizational structures help everyone know who does what. To have an efficient and properly functioning business, you need to know that there are people to handle each kind of task. At the same time, you want to make sure that people aren't running up against each other. Creating a structure with clearly defined roles, functions, scopes of authority and systems help make sure your people are working together to accomplish everything the business must do.

Function

To create a good structure, your business has to take inventory of its functions. You have to identify the tasks to be accomplished. From these, you can map out functions. Usually, you translate these functions into departments. For example, you have to receive and collect money from clients, pay bills and vendors, and account for your revenues and expenditures. These tasks are all financial and are usually organized into a finance or accounting department. Selling your products, advertising, and participating in industry trade shows are tasks that you can group under the umbrella of a marketing department. With differing ways to organize the tasks, you can always choose something less traditional. But in all cases, organizational structure brings order to the list of tasks.

Considerations

Employees do best when they know who to report to and who is responsible. Organizational structure creates and makes known hierarchies. This can include the chain of command within an organization. A good organizational chart will illustrate how many vice presidents report to a president or CEO and in turn, how many directors report to a vice president and how many employees report to a director. In this way, everyone knows who has say over what and where they are in the scope of decision-making and responsibility. Hierarchy can also include macro-level management. For example, one department may comprise several teams. Perhaps several

departments form one division of a company, and that division has a vice president who oversees all the departments and teams within it.

Features

Organizational structure encompasses all the roles and types of jobs within an organization. A complete organizational chart will show each type of position and how many of these there are at present. When smaller organizations look at their organizational structures, they usually focus more on job roles than hierarchy. Small businesses, particularly growing ones, often change quickly -- adding positions and shifting people's responsibilities as they remain flexible enough to adapt as to go along. For these businesses, having known definitions of people's roles can be useful, especially as things change.

Types

Organizations that are very hierarchical are usually referred to as having vertical organizational structures. Typically, these organizations want their employees having more limited scopes and performing their jobs in particular ways with little variation. Therefore, they have many layers of management to oversee that things are done correctly and uniformly. The banking industry is a good example. Money must be handled carefully and responsibility, there is significant risk involved, and rules and regulations dictate specific procedures. Small businesses, innovation-based companies and professional organizations tend to use horizontal structures. These involve fewer layers of management and more focus on peers and equality. The idea is that each person takes on more responsibility and has more freedom to perform her work as she sees fit. Group medical practices are a good example. Physicians don't oversee physicians. There may be a managing partner who oversees the general operation, but otherwise, professionals are peers each practicing in their style -- all contributing to the organization's success.

Aims of Business Organizations

Profit

Profit is a very important concept for any business – particularly a start-up
Profit is the financial **return** or **reward** that entrepreneurs aim to achieve to reflect the risk that they take.

Given that most entrepreneurs **invest** in order to make a return, the profit earned by a business can be used to measure the success of that investment.

Profit is also an important signal to other providers of finance to a business. Banks, suppliers and other lenders are more likely to provide finance to a business that can demonstrate that it makes a profit (or is very likely to do so in the near future) and that it can pay debts as they fall due.

Profit is also an important **source of finance** for a business. Profits earned which are kept in the business (i.e. not distributed to the owners via dividends or other payments) are known as **retained profits**.

Retained profits are an important source of finance for any business, but especially start-up or small businesses. The moment a product is sold for more than it cost to produce, then a profit is earned which can be reinvested.

Profit can be measured and calculated. So here is the formula:

PROFIT = TOTAL SALES less TOTAL COSTS

Here is an example which illustrates the formula in action:

Sales	Costs	Profit or Loss?
£100,000	£75,000	£25,000 (profit)
£100,000	£125,000	£25,000 (loss)
Total sales greater than total costs		= Profit
Total costs greater than total sales		= Loss
Total sales = total costs		= Break-even

Market share

Investors look at market share increases and decreases carefully because they can be a sign of the relative competitiveness of the company's products or services. As the total market for a product or service grows, a company that is maintaining its market share is growing revenues at the same rate as the total market. A company that is growing its market share will be growing its revenues faster than its competitors.

Market share increases can allow a company to achieve greater scale in its operations and improve profitability. Companies are always looking to expand their share of the market, in addition to trying to grow the size of the total market by appealing to larger demographics, lowering prices, or through advertising. This calculation is sometimes done over specific countries such as Canada market share or US market share.

Investors can obtain market share data from various independent sources (such as trade groups and regulatory bodies), and often from the company itself, although some industries are harder to measure with accuracy than others.

Return on Capital Employed

A measurement of return on the investment needed for a business to function, otherwise known as capital employed, expressed as a dollar amount or a percentage. It is used to show a business' health, specifically by showing how efficiently its investments are used to create a profit. A good ROCE is one that is greater than the rate at which the company borrows.

Because capital employed has no set definition, there are different ways to calculate ROCE. Two common ways are:

ROCE = (Operating Profit Before Tax) / (Total Assets - Current Liabilities)

and

ROCE = ((Profit before Tax) / (Capital Employed)) * 100.

One limitation to ROCE is the fact that it does not account for depreciation of the capital employed. Because capital employed is in the denominator (The number below the line in a common fraction; a divisor.), a company with depreciated assets may find its ROCE increases without an actual increase in profit. It also neglects inflation (price rises/price increase), which might depress ROCE unnecessarily

PEST analysis

Before creating business plans or making decisions, it is important to 'scan' the external environment. This can be achieved through a PEST analysis, i.e. an investigation of **the Political, Economic, Social and Technological influences** on a business. In addition it is also important to be aware of the actions of your competitors. These forces are continually in a state of change.

Businesses need to take a pro-active (positive/upbeat/practical/hands-on) approach and be ahead of these changes, rather than hurriedly making alterations to products and processes in a reactive way.

Political changes relate to changes in government influence and can have huge significance (worth/importance/impact) for companies. Changes in the priorities for public spending or the UK 's relationships with other countries can open or close major markets. European Union (EU) regulations can have similar effects while the accession of new members (eg Poland) can bring business opportunities.

Political changes are closely tied up with legal changes. Laws are continually being updated in a wide range of areas, e.g. consumer protection legislation, environmental legislation, health & safety and employment law, etc.

Economic changes are closely related to social ones. The economy goes through a series of fluctuations (Business fluctuation is often called "business cycle." The definition of a business cycle is how an economy contracts and expands) associated with general booms and slumps in economic activity. In a boom nearly all businesses benefit and in a slump most lose out. Other economic changes that affect business include changes in the interest rate, wage rates, and the rate of inflation (i.e. general level of increase in prices). Businesses will be more encouraged to expand and take risks when economic conditions are right, e.g. low interest rates and rising demand.

Social factors relate to pattern of behavior, tastes, and lifestyles. A major component of this is a change in consumer behavior resulting from changes in fashions and styles. The age structure of the population also alters over time (currently we have an ageing population). An understanding of social change gives business a better feel for the future market situation.

Technological changes have also become particularly significant in the post-millennium world. This is particularly true in terms of modern communication technologies. The creation of databases and electronic communications have enabled vast quantities of information to be shared and quickly distributed in a modern company enabling vast cost reductions, and often improvements in service. Organizations need to be aware of the latest relevant technologies for their business and to surf the wave of change.

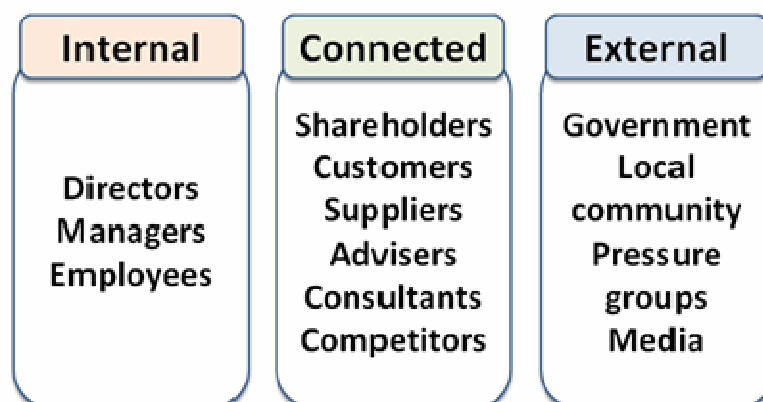
All industries are influenced by PEST factors. For example, some of the PEST factors affecting the airline industry in recent years include:

- Political: new European Union regulations have led to greater levels of competition on European routes. But increasing concerns are being raised about the environmental impact of aviation.
- Economic: rising incomes and lower interest rates have meant that people have more disposable income to spend on luxuries like long distance air travel.
- Social: increased popularity of holidays abroad has led to a boom in demand for air travel.
- Technological: modern aircraft are more economic to run than in the past making possible cheap air travel.

Introduction to Stakeholders

Groups / individuals that are affected by and/or have an interest in the operations and objectives of the business

Most businesses have a variety of stakeholder groups which can be broadly categorized as follows:



Stakeholder groups vary both in terms of their **interest** in the business activities and also **their power to influence business decisions**. Here is a useful summary:

Stakeholder	Main Interests	Power and influence
Shareholders	Profit growth, Share price growth, dividends	Election of directors
Banks & other Lenders	Interest and principal to be repaid, maintain credit rating	Can enforce loan covenants Can withdraw banking facilities
Directors and managers	Salary ,share options, job satisfaction, status	Make decisions, have detailed information
Employees	Salaries & wages, job security, job satisfaction & motivation	Staff turnover, industrial action, service quality
Suppliers	Long term contracts, prompt payment, growth of purchasing	Pricing, quality, product availability
Customers	Reliable quality, value for money, product availability, customer service	Revenue / repeat business Word of mouth recommendation
Community	Environment, local jobs, local impact	Indirect via local planning and opinion leaders
Government	Operate legally, tax receipts, jobs	Regulation, subsidies, taxation, planning

Decision making and stakeholders

Decision making lies at the heart of business activity. Typical decisions include:

- What to produce, and how
- How much to produce, and what selling techniques to employ.
- Where to locate
- Who to employ and how many
- Whether to develop new lines or stick to existing ones.

Businesses are decision making units made up of a variety of decision makers e.g. directors, managers, and employees.

Most classifications of types of decisions are based on the predictability of decisions. Programmed decisions are straightforward, repetitive and routine. They can be dealt with by creating routines and procedures such as stock ordering systems.

Other decisions are more varied and unstructured. Clear cut systems for making these decisions may not have been developed.

It is possible to contrast decision making according to the time available to make the decision:

1. Short term operational decisions have to be frequently made and relate to the management and supervision of activities, such as the ordering of new stock, the creation of a production schedule, organizing a work Rota(schedule) etc.
2. Periodic control decisions are made less frequently. They involve making decisions to keep the organisation on track. They include decisions about taking actions when there are budget variances, or production is falling behind schedule.

3. Strategic decisions are the long term plans of the organisation. These decisions are taken by senior managers, but with some consultation of lower levels within the organisation. An operational decision made by ground staff of an airline might be the organisation of seating patterns and organisation of vegetarian meals.

A periodic control decision might be one which involves altering security arrangements in the light of terrorist threats.

Strategic decisions might include whether to invest in new aircraft and which routes to fly.

Pluralist perspective

The freedom of individuals to establish and join groups that are not controlled by the government results in a wide variety of groups having an ability to influence the decisions of government, with no group dominant

The concept of corporate mission objectives and policies

INTRODUCTION

Setting of organizational objectives is the starting point of managerial actions. An organisation's end results for which an organization strives is termed as "mission", purpose, objective, goal, target etc. Many times these terms are used interchangeably as all these denote end results.

MISSION STATEMENTS

A Mission Statement defines the organization's purpose and primary objectives. Its prime function is internal – to define the key measure or measures of the organization's success – and its prime audience is the leadership team and stockholders. Mission statements are the starting points of an organization's strategic planning and goal setting process. They focus attention and assure that internal and external stakeholders understand what the organization is attempting to accomplish.

Dimensions of Mission statements:

The strongest organizational impact occurs when mission statements contain the following (7) essential dimensions.

- Key values and beliefs
- Distinctive competence

- Desired competitive position
- Competitive strategy
- Compelling goal/vision
- Specific customers served and products or services offered
- Concern for satisfying multiple stakeholders

Corporate Policy

Usually, a documented set of broad guidelines, formulated after an analysis of all internal and external factors that can affect a firm's objectives, operations, and plans. Formulated by the firm's board of directors, corporate policy lays down the firm's response to known and knowable situations and circumstances. It also determines the formulation and implementation of strategy, and directs and restricts the plans, decisions, and actions of the firm's officers in achievement of its objectives. Also called *company policy*

-End of Learning Outcome 01-

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