

Introduction to Business Administration Lesson 1

1. Administration

Administration can be defined as the process of organizing resources efficiently to accomplish a goal.

1.1 Concept of Administration

Provides the foundation for management in many different industries.

A business manager may have a wide variety of responsibilities depending on the organization they are employed with.

Universal functions include:

- Planning
- Organizing
- Staffing
- Directing,
- Controlling
- Budgeting

1.2 Common Business Terms

Business – Activity that seeks to provide goods and services to others while operating at a profit.

Nonprofit organization – An organization whose goals do not include making a personal profit for its owners and organizers.

Sole proprietorship – Business owned and managed by one person. (Taxed Once)

Limited Liability – Partners are not responsible for debts of the business.

e-commerce – Buying and selling of goods over the Internet.

Need – Necessary wants (things you need in order to survive.)

Want – Things you wish you could have

Profit – The amount of money left over a business has paid for the cost of producing its goods & services

Revenue – Total amount of money a business takes in during a given period by selling goods and services

Loss – Occurs when expenses are more than revenues

Competition – Rivalry among business who share target customers to sell their goods and services.

Demand – The amount of a good or service that customers are able and willing to buy at various possible prices during a specified time period.

Resources – economic or productive factor required to accomplish an activity, or achieve a desired outcome.

Three most basic resources are:

- Land
- Labor
- Capital

Other resources include:

- Energy
- Entrepreneurship
- Information
- Expertise
- Management
- Time

Goods – Tangible products that are used to satisfy our needs our and wants.

Services – Activities that are consumed at the same time they are produced

Importing – Buying products from another country

Exporting – Selling products to another country

Natural Resources – Raw materials supplied by nature that come from earth, water, air and are used to produce goods.

Productivity – measurement of production per worker

Efficiency – Producing goods and services using the least amount of resources

Monopoly – a market in which there is only one seller for a product or service.

1.3 Importance of management

Management is the process of getting things completed effectively and efficiently with and through other people.

Planning

A business manager is responsible for looking down the road and preparing the organization for what lies ahead.

Involves:

- Budget projections
- Market research
- Strategic planning.

Organizing

The purpose of organizing is to create the optimal environment for workflow efficiency and results.

Goals must be defined first prior to Organizing

Business administrator then:

- Identifies responsibilities to be performed
- Analyzes the human resources and tools needed
- Delegates the responsibilities

This may involve reorganizing or developing new departments or creating new roles.

Staffing

This role is a large part of any business administrator's job.

- Determining staffing needs
- Preparing job descriptions
- Interviewing
- Training

An effective manager understands issues such as:

- Diversity
- Ethics
- Politics

Directing

The “sweet spot” of directing is finding the balance between staff needs and economic production.

This involves:

- Allocating resources properly
- Providing a support system that responds to problems quickly
- Motivating employees
- Lead staff towards a common goal with strong interpersonal skills.

Controlling

Controlling involves evaluating quality at all levels of the organization.

By tracking work and comparing it to the strategic plan, a business manager can minimize deviations from the plan.

Controlling tasks include analysis of:

- Business expenses
- Information management
- Performance measurement

Budgeting

Critical to any business manager’s success are:

- Projecting
- Tracking
- Reviewing the budget

Important areas of knowledge for a business administrator include:

- Statistics
- Marketing
- Human resources
- Economics
- Decision-making
- Logic
- Problem-solving
- Interpersonal skills