



# Functions of an organization

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- Formulation functions of an organization
- Services and their specifics
- Production and its contents
- Sales and its contents
- Investing and financing
- Relationship between production, sales, investment and financing



# Formulation functions of an organization

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## Functions of an organization

- Primary
  - Production, sale, supply (purchase, transport, storage)
- Supporting
  - Personnel, investment, financial, administration



# Primary functions of an organization

<b>Primary functions of an organization</b>	<b>Organizational department</b>
Production	Accommodation section - bed section (own accommodation) Food section - catering services (production)
Sales	Business section - sales department - marketing department Food section - catering services (sales) Accommodation section - reception
Supply	Business section - department for purchasing raw materials, materials and goods - warehousing department



# Supporting functions of an organization

<b>Supporting functions of an organization</b>	<b>Organizational department</b>
Personnel	Economic section - personnel department
Investment	Economic section - budget department
Financial	Economic section - budget department
Administration	Economic section - accounting department Technical section - IT department Staff units withing individual department and GM



# Services and their specifics

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**A service is any activity or benefit that one party may offer the other and which is essentially immaterial and does not bring ownership.**

**Five main service characteristics** can be defined:

- **Intangibility** - can not be exposed, can not be seen, tasted or touched. As a result, when purchasing services, there is a great deal of uncertainty on the part of customers who are looking for some quality signals
- **Inseparability** - they can not be separated from their providers, whether people or machines. Due to the presence of a customer in the production of the service, there is an interaction between the customer and the service provider. Service is provided and consumed, that it can not be stored.
- **Variability** - the quality of services depends on where, where, how, and by who they are provided. This makes it difficult to control the quality of services, which always depends on employee behavior.
- **Perishability** - can not be stored for later sale or use. This can cause major problems to the organization at a time when demand for services is not constant but fluctuating.
- **Absence of ownership** - can not own it, you can not gain personal access for an indefinite period of time. As a result, service providers need to strengthen brand identity and customer friendliness.

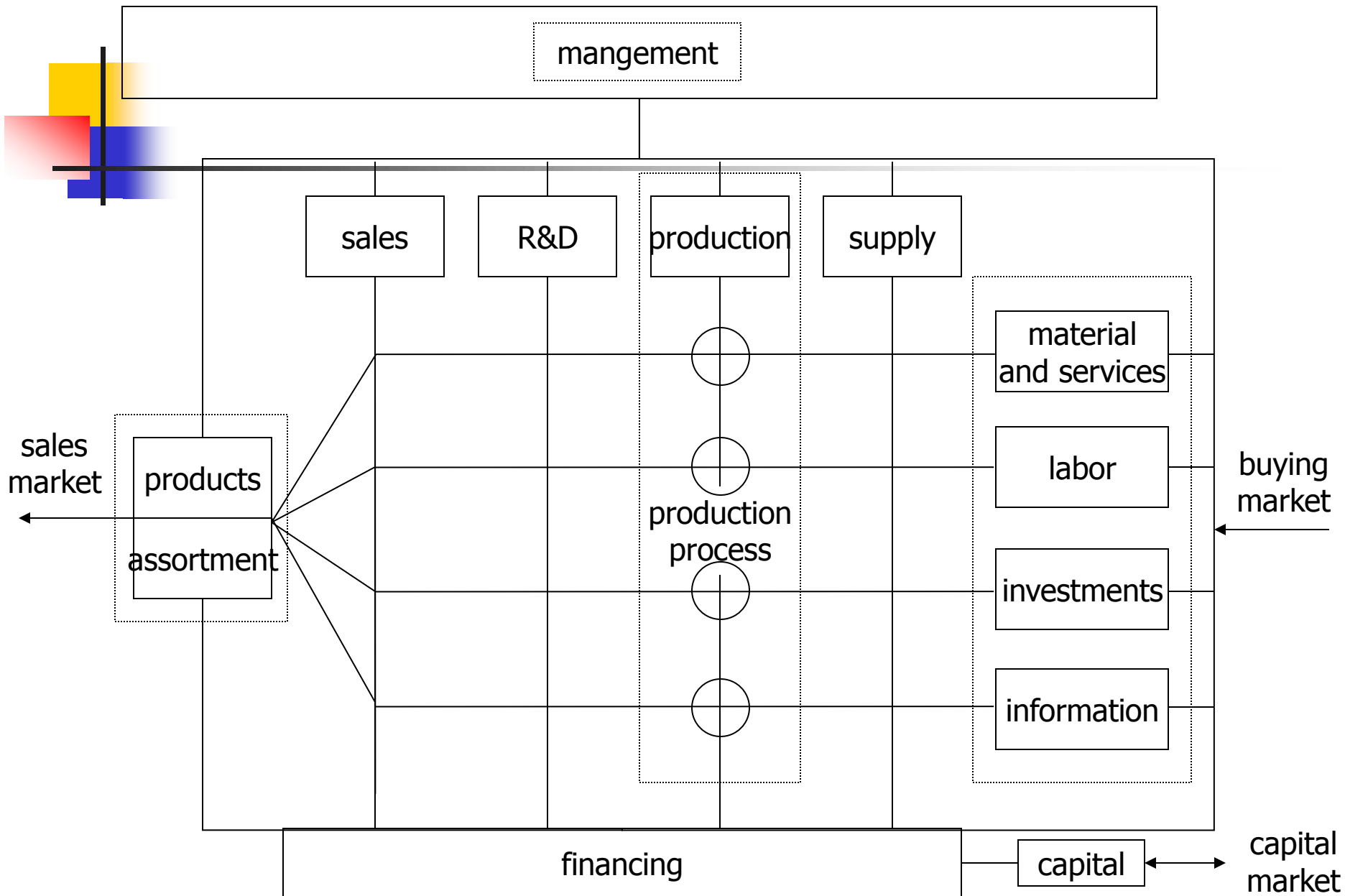


# The term production

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1. Every function of an organization
  - every combination of production factors
2. Organization performances
  - includes basic functions of an organization without sales function
3. Fabrication
  - factory production, manufacturing

# Position of production within other functions of an organization





## The term sales and its meaning

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**Market operation** = continuous process of creating and capitalizing on outputs.

**Creating outputs** = acquiring production factors and processing them into products and services.

**Outputs monetizing** = customer search and physical distribution of products.

**Value cycle:**

money → production factors → products → money





# Sales function of an organization

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- **Market Economy** - The organization (entreprise) freely decides and plans:
  - what,
  - in what amounts,
  - at what price
  - and to whom sells.

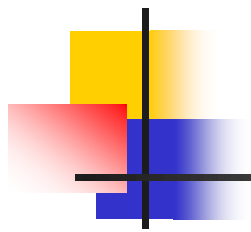
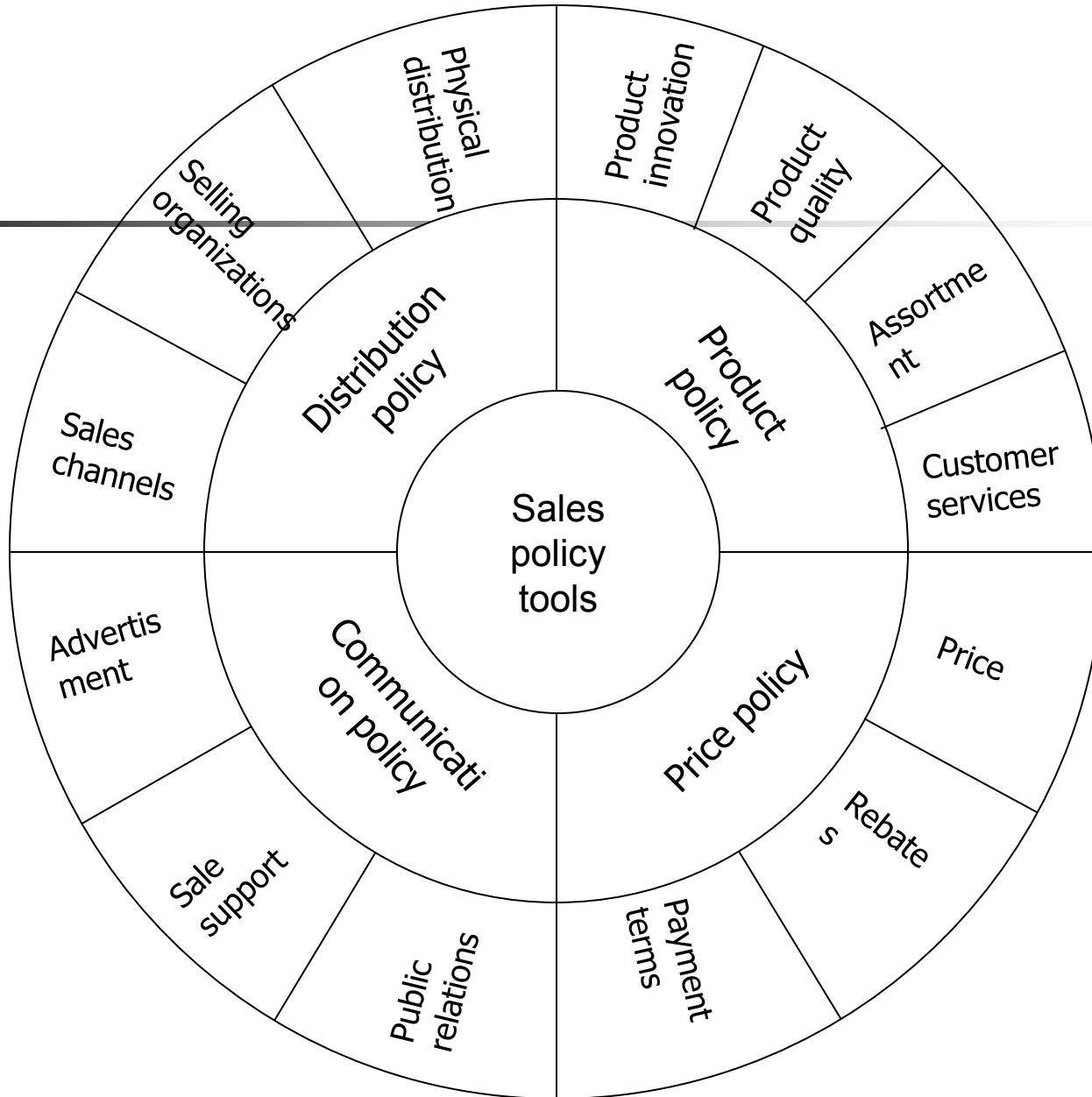


# Sales function of an organization

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- 1) Sales planning is oriented towards the goals of an organization.
- 2) Planned action requires detailed knowledge of the sales market, ie customers, their wishes and their competitors.
- 3) An organization's market position is not permanent, organizations need to acquire and defend markets. For that purpose, it uses sales policy tools:
  - product policy,
  - pricing policy,
  - communication policy,
  - distribution policy.

# Sales policy tools





# The goals of sales policy

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The behavior of an organization is influenced by the organization's goal orientation.

The purpose of sales planning is:

- determination of offered assortment
- forecast sales amount
- forecast of price development

**Formulating the system of goals is based on:**

- own ideas and wishes,
- own options and
- environmental conditions.



# The terms investment and financing

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- **financing** = procurement of capital, expressed in the liabilities of the balance sheet
- **investment** = use of funds to acquire tangible assets, intangible assets and financial assets

## **Financing:**

- in the narrow sense of the word (procurement of capital)
- in the broader sense (+ procurement in capital areas necessary for the realization of business activities)
- in the broadest sense (+ ensuring extraordinary measures)



# Types of financing

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## **Capital transformations:**

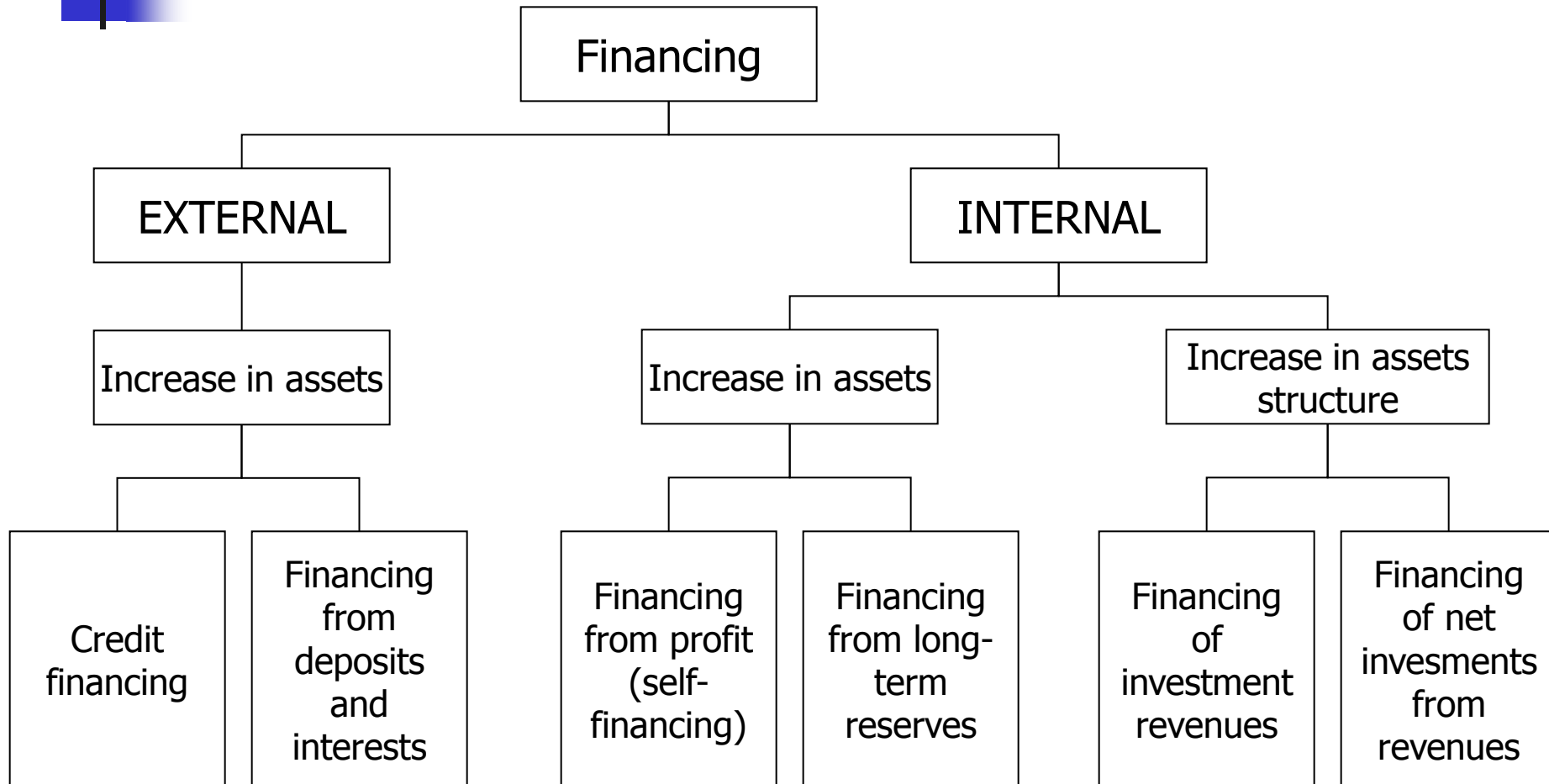
- a conversion of a foreign capital into equity
- a conversion of equity into a foreign capital
- a conversion of one kind of foreign capital into another kind
- a conversion of one type of equity into another kind

## **For the systematization of types of financing, the following criteria can be used:**

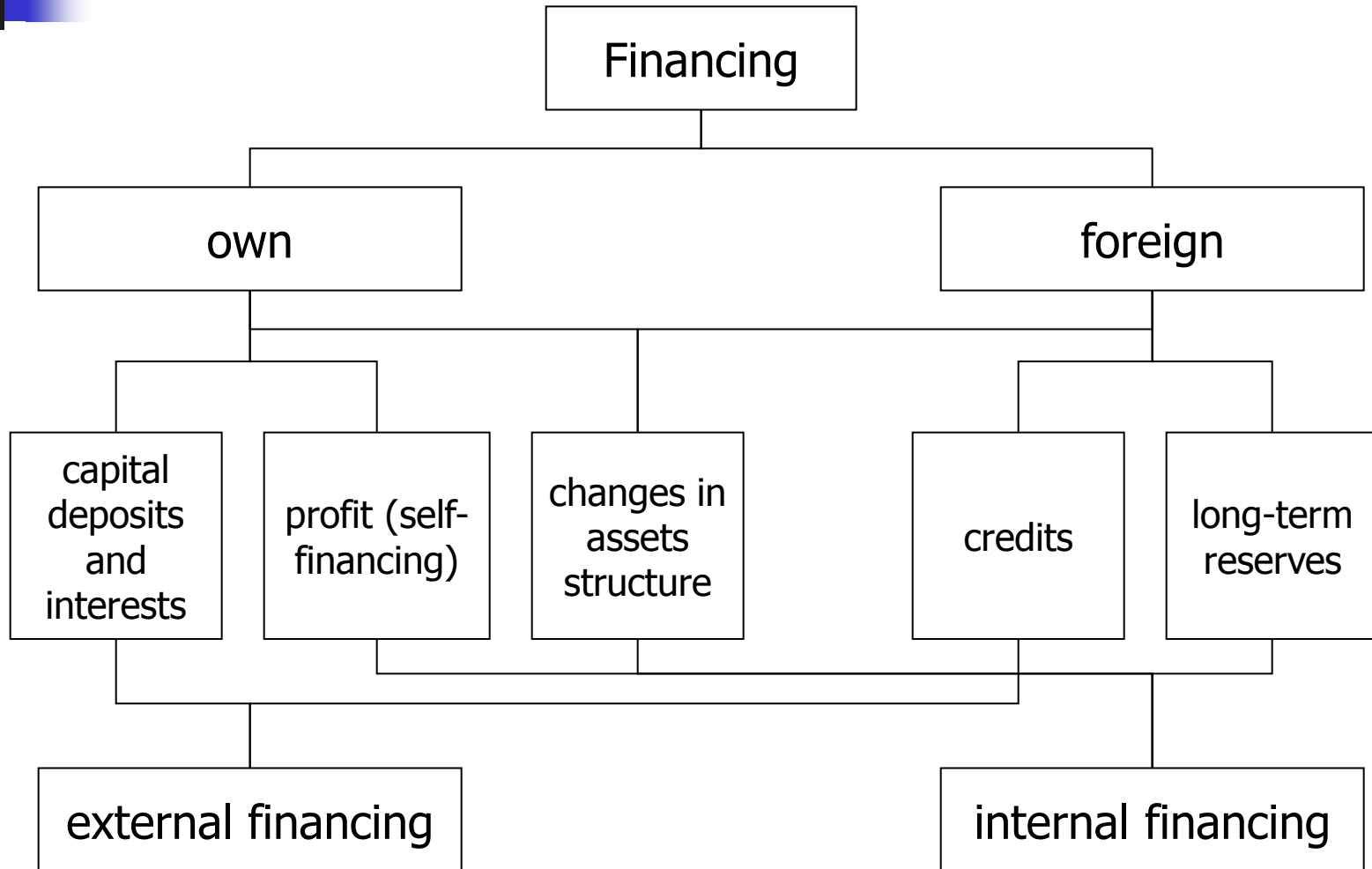
1. origin of capital (external-internal)
2. the legal position of the originator of the capital (own-foreign)
3. influence on equity and capital structure
4. disposition period (unlimited, long-term, short-term)
5. the cause of financing (establishment of a company, increase of capital, merger, change of legal form, rehabilitation)



# Breakdown by source of capital

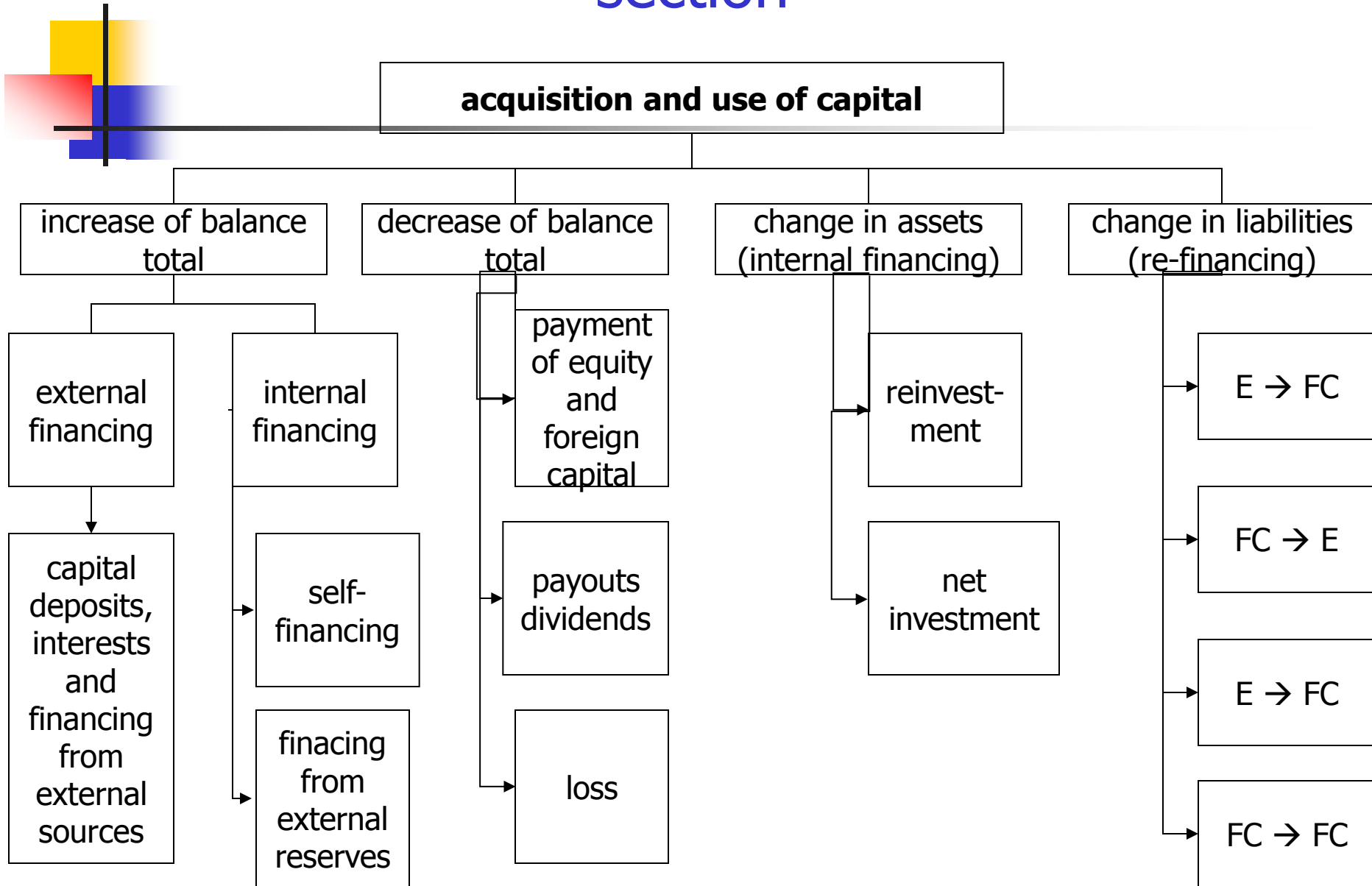


# Breakdown by legal status of the depositor



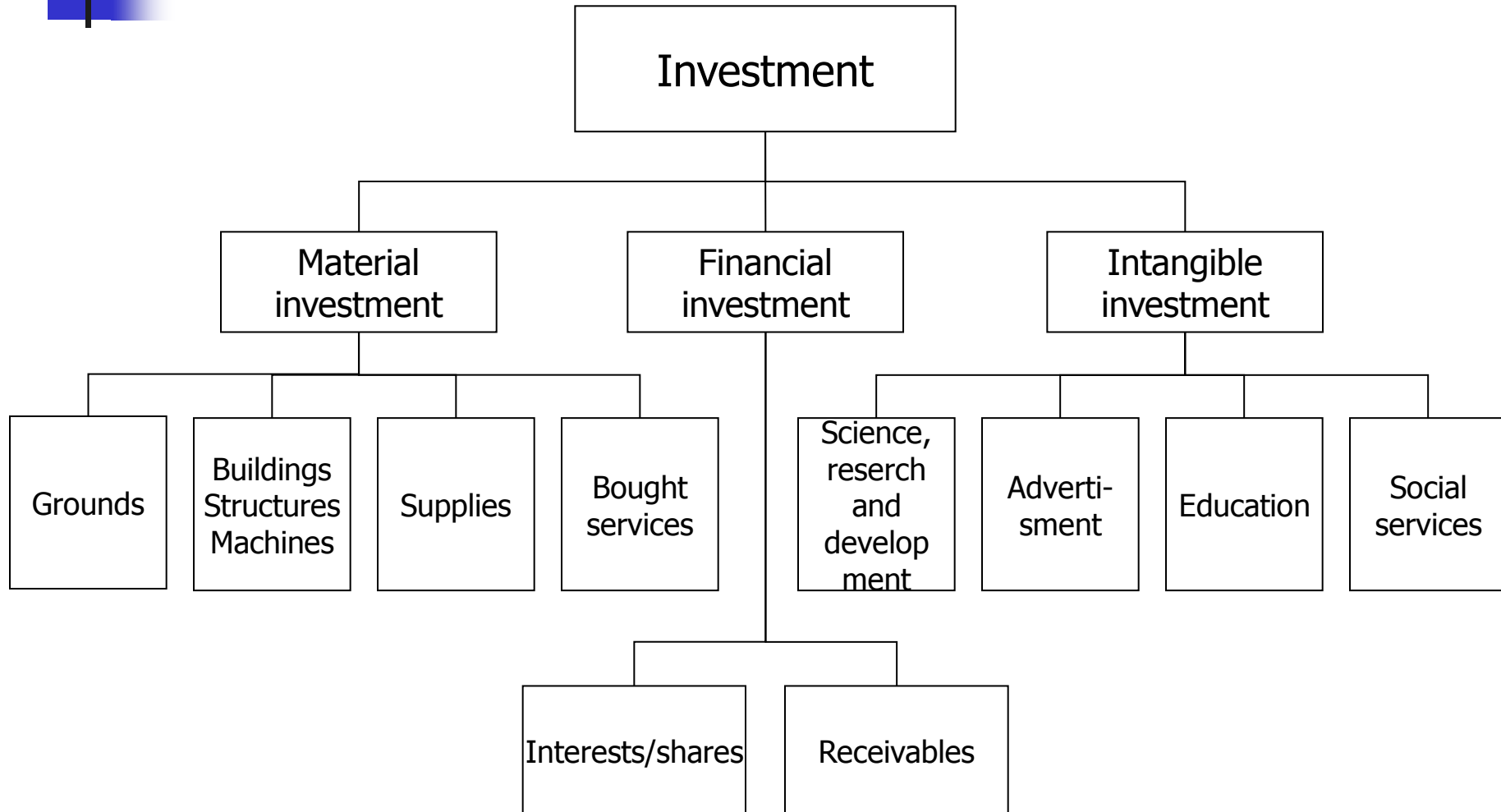


# Breakdown by influence on asset and capital section

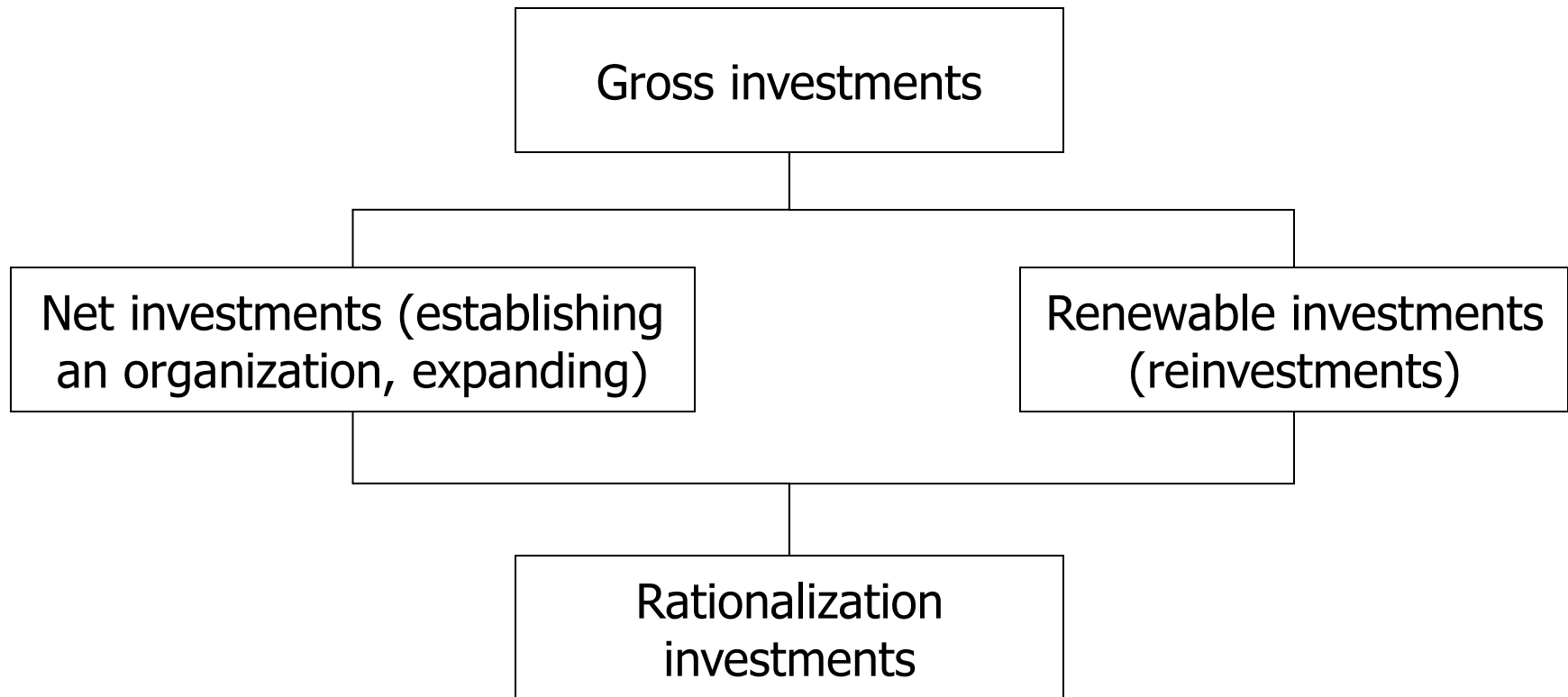




# Types of investment



# Breakdown of investments in terms of their value in one period





# Relation of production to sales, investment and financing

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Three areas of processes in an organization:

- production,
- sales,
- financing and investment.