

# Interdependence of Business Functions

## 4

### 1. Define the term prime function.

The prime function is the main task of the business.

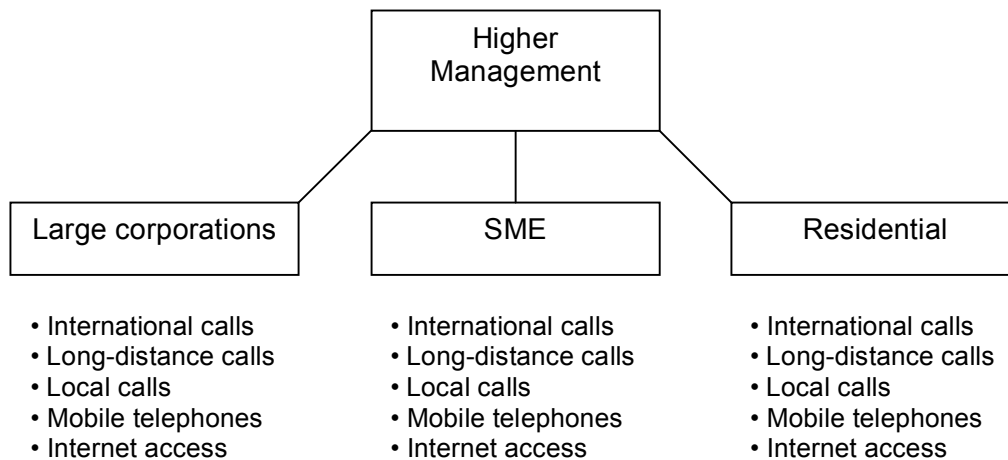
### 2. Identify and state the prime function of three businesses in your local area.

Coles Supermarket: To provide a full range of grocery and household products for sale to consumers.

Holden: To produce motor vehicles for all major consumer groups.

Sydney Water: To manage and supply drinking water to the residents of the Sydney region.

### 3. URANG is a communications company that currently structures its business into five divisions – international calls, long-distance calls, local calls, mobile telephones and Internet access. It has decided to restructure into three sections – large corporate, small-to-medium enterprise and residential customers. Draw the new structure of URANG and discuss the benefits of the change.



The benefits of this corporate restructure mean that URANG can now tailor its communications solutions to suit its diverse customer range. Separating its business along these lines means that it can develop focussed centres of excellence that can centre their attention on their core customers. This will encourage greater sales and, thus, provide greater returns on investment.

**4. Anne-Marie is the business manager for a theatre in Sydney. Describe the management functions that she must carry out to be successful in her job.**

To be a successful business manager Anne-Marie would have to coordinate all of the critical business functions. This includes planning for the businesses future success, organising the resources to achieve this success, leading (or motivating) staff to be part of this success and having control mechanisms in place to ensure that what was expected to happen did happen. In terms of a theatre, Anne-Marie would plan for future shows, ensuring that the theatre attracted quality performers. She would make sure that the theatre was able to cater for the needs of the performers and the customers and also make sure that she had the right quality staff. Anne-Marie would carry out evaluation after the event to see if all went as expected and use this evaluation as a part of future planning.

**5. Evaluate the benefits of a flatter organisational structure over a hierarchical one.**

The benefits of a flatter organisational structure include a short chain of command and communication channels, and a much greater span of control. This gives employees greater control over their work and an incentive to contribute as individuals to the firm's success. An additional benefit of flatter organisational structures is that the shorter chain of command increases and improves the level of communication between management and the employees. On the other hand, some employees complain that a flatter organisational structure gives them more responsibility without allowing them access to promotions, as the structure sees the reduction in the number of managers.

**6. Explain why delegation is important once a business starts to grow to a medium size.**

If a firm is relatively large, it would be too difficult for any individual to make all of the relevant decisions for the business. Thus, there must be a delegation of tasks or responsibilities. This is important because it reduces the amount of decisions that those at the top of the business must make, so that they can concentrate on the broader strategic issues for the business such as financial stability and direction of the firm. It also adds to employee satisfaction as they are given the responsibility and trust to carry out a task.