

ENTR 5 Review

5-1 How to Manage a Business

Define the five functions of management; Describe the three types of plans used in business management; Identify some of the management styles commonly found in businesses.

Management is defined as getting work done through others.

Four Roles of Management: Planning, Organizing, Directing, Controlling.

Planning (setting goals and making plans)

- Strategic Plan
- Tactical Plan
- Operational Plan

Organizing (assembling the right resources and staffing)

- Staffing the Business
- Assignment of Tasks
- Grouping of Tasks into Departments
- Organizational Structure
- Allocation of Resources Across the Organization

Directing (leading, influencing, and motivating employees)

- Authoritarian Management Style
- Democratic Management Style
- Delegating Management Style

Controlling (setting standards and measuring results)

- Performance standards: production, expenses, customer service, employee actions, equipment, finances, inventory levels, product quality, profits, and sales.
- Quality Control Program

5-2 Managing Employees

Explain how to implement your staffing plans; Discuss ways to motivate your employees; Describe the control function of management as it applies to human resources.

Levels Of Management

- Supervisory Level (lower)
- Department Level (middle)
- Executive Level (top)

Leadership Styles

- Theory X Managers (assume employees are lazy and cannot be trusted; they use authoritarian management style)
- Theory Y Managers (trust and respect employees; they use both the democratic and delegating management styles)
- Theory Z Managers (motivate workers through group decision making and teams)

Motivating Employees

- Pay employees well
- Treat employees fairly
- Recognize employees for the work they do
- Give employees adequate responsibility

Human Resources

- Hiring Employees
- Training Employees
- Evaluating, Promoting, and Dismissing (Firing) Employees

5-3 Managing Expenses, Credit, and Cash Flow

Describe strategies for managing cash flow; Evaluate a business's performance through financial statement analysis.

Manage Your Cash Flow

- Create A Cash Budget
- Improve Your Cash Flow (Increase Cash Receipts, Decrease Cash Disbursements)

Prepare Financial Statements

- Income Statement (Revenues, Expenses, Net Income)
- Cash Flow Statement (Cash Inflows, Cash Outflows)
- Balance Sheet (Assets, Liabilities, Owner's Equity)

Analyze Financial Statements

- Analyze Sales (Gross Sales, Net Sales, Sales By Product)
- Analyze Net Profit On Sales
- Set and Meet Profit Goals (Perform Break-Even Analysis)
- Analyze Debt and Equity

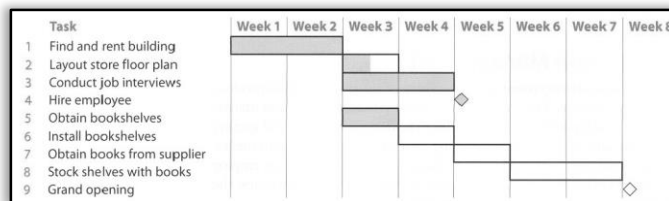
5-4 Managing Production

Examine the tasks and tools of production management; Learn about scheduling, productivity, and quality control.

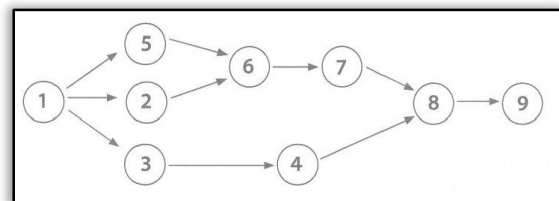
Production management is management of the processes that produce goods and services. Production managers typically focus on three issues: Scheduling, Productivity, and Quality.

Scheduling

- Gantt Chart: A Gantt chart shows the schedule of goals for a list of tasks.
- PERT Chart: A PERT chart shows tasks as steps in a sequence and illustrates how they are dependent on each other.



Gantt Chart



PERT Chart

Productivity

- Productivity is a measure of business output compared to business input (ex: output per employee, output per unit of time, output per dollar of cost)

5-5 Managing Distribution

Explore activities within distribution management; Examine the distribution chain.

Distribution management is the management of materials and processes associated with incoming and outgoing products. The goal of distribution management is to ensure that products are handled, stored, and transported in an organized, safe, and cost-effective way.

Managing Distribution

- Distribution Chain Or Channel
- Transportation
- Shipping And Receiving
- Storage And Warehousing
- Materials Handling
- Delivery Terms

5-6 Managing Operations

Define operations; Study general operating procedures.

Operations are the everyday activities that keep a business running. So operations management is the management of the everyday activities that keep a business running.

- General Business Policies (Operations Manual)
- Hours Of Operation, Returns and Rework Requests, Delivery Policies
- Extending Credit To Customers (Character, Capacity, Collateral)
- Customer Service Policies (Courtesy, Respect, Prompt Attention, Knowledgeable Employees, Credibility)
- Hiring Policies, Safety Policies

5-7 Managing Purchasing and the Supply Chain

Define purchasing and learn about the process of purchasing; Explore factors in purchasing management.

Purchasing is the buying of materials, products, services. Procurement is the act of purchasing.

Goals of Procurement Management

- Right quality, Right amount, Right time, Right vendors, Right cost, Right terms

The Process Of Purchasing

- Product Specification, Purchase Order, Invoice, Packing Slip

5-8 Managing Inventory

Learn why managing inventory is important; Investigate ways to plan inventory levels and investments; Research methods for controlling inventory levels.

Inventory is the amount of merchandise a business has available for sale at a given time.

Inventory management is concerned with the physical condition of inventory and the amount of space it takes up. The goal of inventory management: not too little and not too much.

Planning Inventory Level and Investment

- Maintaining a wide assortment of stock, but keeping adequate quantities of fast-moving items
- Increasing inventory turnover, but maintaining a high level of service
- Keeping stock levels as low as possible without sacrificing service or performance as a result of stock outs
- Obtaining lower prices by making bulk purchases, but not ending up with slow-moving inventory
- Having adequate inventory on hand, but not ending up with out-of-date items

Purchasing Plan

- The most important aspect of inventory management is having items in stock when they are needed. The amount of inventory you need to purchase can be calculated from the sales forecast.

Controlling Inventory Level

- Inventory shrinkage
- Reconciling Recorded Inventory Level vs. Actual Inventory Level

Inventory Systems

- Visual Inventory System
- Perpetual Inventory System
- Periodic Inventory System
- Partial Inventory System (combines elements of perpetual periodic inventory systems)
- Just-In-Time Inventory System

Point of Sale (POS) Software System

Costs Of Carrying Inventory

- Obsolescence, Deterioration, Interest fees, Insurance, Storage

Costs Of Being Out Of Stock

- Lost Sales, Lost Customer Loyalty