Lesson Description

In this lesson we:

- Discuss the concepts and quality of performance of the following business functions:
  - General Management
  - Purchasing
  - Marketing
  - Production
  - Financial
  - Human Resources
  - Public Relations
  - Administration
  - Risk Management
  - IT Management
  - Information/Knowledge Systems.

Key Concepts

Quality Performance

Quality refers to the ability of goods/a service to satisfy a specific need. The quality of a product or service is measured against specified criteria.

Quality performance is a process of ensuring that products or services meet consistently high standards.

Quality control involves control of the material, workmanship and machinery that is used in the production process.

Advantages of quality control:
- Dealers and consumers are assured that goods meet the required standard.
- It encourages workers to continue producing quality goods.
- Production costs can be reduced through the elimination of poor quality goods.
- Leads to improved quality and product design.
- Manufacturers provide salary and wage incentives for quality work.
- Reveals poor performance by workers and faulty machines – this is important for training workers and replacing machinery.

Techniques aimed at improving quality

Quality circles - A volunteer group comprising employees from the different departments meets to discuss workplace improvement and presents their ideas to management, especially relating to quality.

Total Quality Management – An ongoing technique employed by businesses, which aims at embedding awareness of quality in all organisational processes, and is based on participation by all members of the enterprise.
Quality management in the different functions of a business

Management must manage the different business functions in a manner that will provide maximum benefit to all parties concerned. These functions are inter-dependent and must be managed continuously. The quality of performance of these functions is important so as to stay competitive, and must be monitored and evaluated. Therefore, control systems must be in place for each function.

General Management
- Creating a suitable mission and vision for the business enterprise.
- Setting of realistic aims for the business.
- Communicating the vision and mission of the business with the employees through the workplace forum, meetings, etc.
- Organising employees in the most efficient way.
- Demonstrating effective leadership.
- Effective control over the execution of all the business functions.
- Communicating with employees.
- Involving employees in decision making processes.
- Disciplinary action if needed.
- Effective decision-making.
- Development, implementation and control over the execution of strategic planning.
- Improvement of the profitability of the business through effective planning and execution thereof.

Purchasing Function
- Ensuring that the business buys its raw materials:
  - From the right supplier
  - At the right price
  - At the right time
  - In the right quantities
  - In the right place
- Wise purchases will increase the profitability of the business.
- Unwise purchases may result in extra storage place being needed, at extra costs, and that stock has to be stored for a long period, because it is not selling.
- Good purchases must satisfy the needs of the target market.
- Stock control must be done regularly so as to minimise losses due to theft and obsolescence.
- Must ensure that the business always has sufficient levels of stock.

Production
- Choosing the most suitable production system (mass, batch or jobbing).
- Accurate production cost calculation will help ensure that the business remains competitive as costs are contained, and there must be cost control systems in place to keep costs within reasonable margins.
- Products must satisfy the requirements of the consumers regarding safety, reliability, durability, after sales service and warranties.
- Doing quality control on items produced.
- Determining tolerance levels and to carry out inspections and tests regularly.
- Maintaining equipment.
- Adhering to all safety procedures and regulations to contribute to safety of all factory workers.

Marketing
- Doing effective market research and product development.
- Making use of ethical advertising practices.
- Having a good marketing communications mix.
- Utilising a suitable advertising campaign so as to make customers aware of available products, and to increase the market share of the business.
- Bringing the goods within easy reach of the consumers through storage and the correct choice for the location of the business.
- Gathering feedback from consumers to adapt the marketing policy instruments.
- Co-ordinating distribution with production and advertising strategies.
• Good pricing strategy.
• Designing effective packaging.

Financial
• Obtaining capital from the most suitable source available, and funds must be effectively applied.
• The financial department must determine the profitability, gearing and liquidity on a regular basis, as well as the compiling of cash flow statements.
• Drawing up both capital and cash budgets and having good budget control.
• Implementing secure cash control systems.
• Implementing a credit granting and collecting policies.
• Investing surplus funds effectively.

Administration
• Ensuring efficient capturing and processing of data and information.
• Making information available to management so that management can make correct decisions.
• Applying technology efficiently.
• Quick handling of complaints in an effective manner.

Human Resources
• Effective recruitment to attract the best candidates.
• Fair selection processes.
• Recruitment, selection and appointment of staff who have the necessary qualities to make a significant contribution to the success of the business.
• Employee development to keep up with changes in technology and in the industry.
• Employee retention and training.
• Fair remuneration.
• Adhering to the different labour legislation so as to prevent unnecessary fines.
• Including employees in decision-making which affects them.
• Performance incentives for staff who do excellent work.
• Ensuring constructive labour relations to establish a motivated and happy work force, with a low rate of staff turnover.

Public Relations
• Contribute to the community through social responsibility.
• Release regular press statements to counter negative publicity.
• Improve relations with clients through effective after sales service, handling of complaints, etc.
• Improve the positive image of the business by delivering quality goods and services.
• Ensuring that internal publicity, appearance of the buildings, way in which the telephone is answered, appearance of correspondence, etc. is up to standard.

Risk Management
• Businesses must have systems in place to identify the risks the business is exposed to.
• Every risk, even those that are regarded as small and worthless, should be recorded.
• Risk control measures to ensure that business losses are minimised.
• Provision for fire escapes and evacuation procedures to prevent human injuries, casualties and deaths in the workplace.

Management Information Systems (MIS)/Information Technology (IT)
• It is necessary that information is available on time.
• Decisions based on incorrect information may be costly.
• Easy electronic access to global information could help in making business decisions and assist in international trade.
The impact of quality control on small business and large business structures

**Small Business Structures**
- Smaller businesses should be more conscious about quality goods and services as the owner supervises all processes and the owner knows that mistakes can be costly.
- They have fewer employees to control.
- Small business managers must ensure that quality control remains high priority.

**Large Business Structures**
- Larger business structures can become ineffective, and employees can become less motivated, which will impact negatively on quality.
- Because larger businesses produce on such a large scale, quality control becomes more difficult.
- It is impossible to check the quality of all goods.
- Large businesses must establish reliable and efficient inspection methods to minimise the production of goods of poor quality.

**Questions**

**Question 1**
*(Adapted from DBE March 2010)*
Describe FOUR benefits of implementing good quality-control measures in a business enterprise. 

**Question 2**
*(Adapted from DBE Mar 2010)*
Describe the marketing function and explain how the quality of its performance can influence the success of a business venture.

**Question 3**
*(Adapted from DBE Nov 2009)*
Explain in detail how the quality of performance in General Management, as a business function, can contribute towards success or failure within the enterprise.

**Question 4**
*(Adapted from DBE Nov 2008)*

Jabula Supermarket has certain business and management functions which are performed by the managers of the various departments within the organisation. At the annual general meeting, Mr N Nkosi, as general manager, reported that the quality of performance within these business functions can contribute significantly to the success.

Identify and discuss any FIVE business functions. Analyse how the quality of performance of these functions can contribute towards making the business more profitable. Include in your answer whether you agree with Mr Nkosi’s statement.