Principles of Business Organization & Operation Information Systems

NOTES

Interreg Greece-Italy
European Regional Development Fund

EUROPEAN UNION

Icon Wom-En

"**ICON WOM-EN**" - Integrating Innovation and Promoting Cluster Organization in WOMen Enterprises

Basic Definitions (1/3)

A company is a productive - economic unit, in the sense that it combines and utilizes the factors of production (labor, capital, knowledge, technology, etc.), in order to produce products or services, in order to make them available through the market mechanism to consumers.

Therefore, in a company, various functions are performed with different purpose and content, which must be combined in an appropriate way in order for the company to achieve its mission, which is to serve the needs of its customers. The main functions that a business can have are the following:

- Production function

- Commercial function

- Economic operation

- Procurement Function

- Research & Development Function

- Information function

- Public Relations Operation

- Personnel Management Function

INPUTS
Production Factors
People
Information
Raw material
Equipment
Work
Capital
Time

OUTPUTS
Products
Services
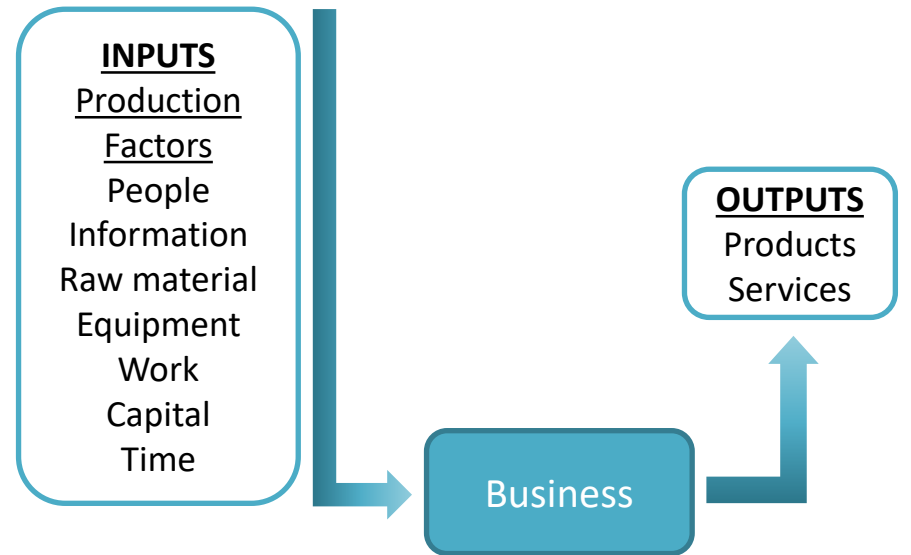
Business

Let us explain a little more

Basic definitions (2/3)

Production operation. The most basic of a business. It concerns the actions related to the production of the products / services that the company sells. Such actions are for example the processing of raw materials or information.

Commercial operation. It concerns all the actions for the product / service to be placed on the market. It includes researching the needs of consumers, designing products / services that satisfy them, promoting them, selling and distributing them. In other words, it includes Marketing & Sales.

Economic operation. It includes actions for the financial management of the company, finding funds, utilizing it efficiently, management and accounting procedures, settling legal and tax obligations and finally verifying its results.

Supply operation. It concerns actions such as the investigation of supply prices, the provision of quality but economical raw materials, consumables or equipment, the storage, management and recording of their stocks.

Research and development. It concerns the finding of new processes or the improvement of the existing ones, through modern technology and innovation, for the creation of new products / services, capable of meeting the changing needs of the market.

Information management. It concerns an organized set of actions in order to obtain, process, store, distribute and use the necessary information.

Public Relations Operation. It concerns actions such as the promotion of the positive points of the products / services and the overall image of the company, the organization and implementation of events and other communication actions, the development of contacts, the relations with the mass media, the charitable actions, the sponsorships of cultural, scientific or other activities etc.
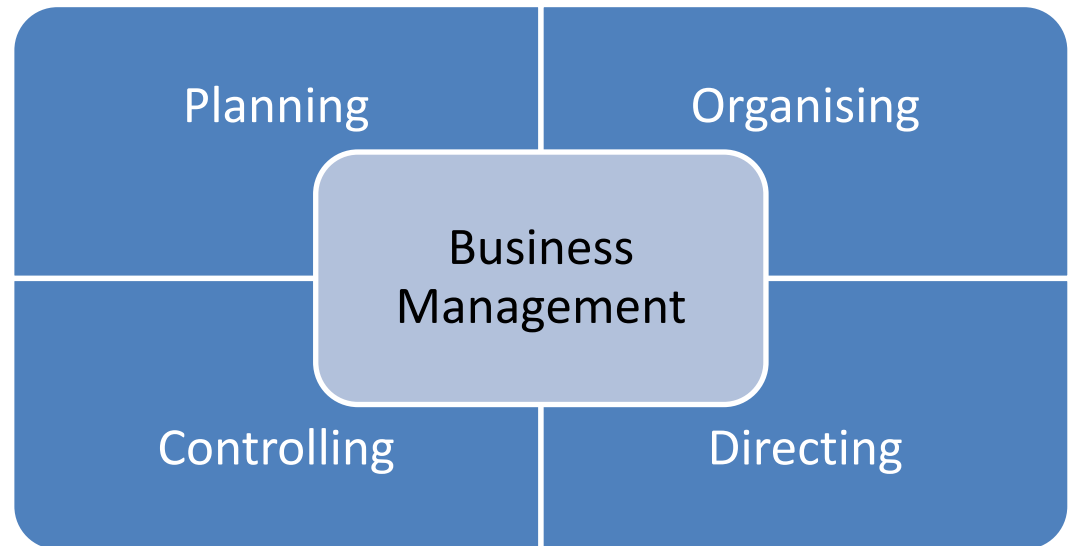
Business operations

Main definitions (3/3)

The survival and development of a business in the modern competitive Market, is based on exactly this combination and management of the above functions, and is called **"Organization and Operation" of the Business or Business Management** .

Business Management essentially concerns the following:

- Planning

- Organization

- Administration

- Control

Planning	Organising
Business Management	
Controlling	Directing

Let's look in more detail at the

4 basic functions of Business Management

PLANNING

The **planning** applies to all actions taken for the determination of the Company objectives and instruments to be used for this. In addition, Programming must take into account variables that may change in the future and therefore affect the achievement of the objectives set. Generally it includes:

- Defining the goals of the Company
- Formulation of Business Strategies
- Functional action plans

In addition, it is divided into 3 levels:

- Strategic Planning (Strategic goals of the company, for example, in 5 years our market share within Patras to reach 40% and within Achaia 25%).
- Long-term Planning (eg Sales Planning per year to achieve the Strategic goal).
- Short-Term Planning (eg actions we need to take per month to achieve the Long-Term Goal).

In general, a detailed Planning allows the monitoring of the Company's actions and the immediate correction in cases of derailment.

PROGRAMMING METHODOLOGY

Regardless of the nature of each business, there are some common directions that lead to the development of a realistic program. In summary, these directions are:

- Internal Consultation, decision and recording of the final objectives, serving the defined purposes of the Company.

- Defining and collecting information and statistics that will serve as a guide to forecasts.

- Defining the conditions that will exist or should prevail during the programming period.

- Examining alternative scenarios in case there are insurmountable obstacles to achieve the goals.

- Evaluate and compare the results in relation to the forecasts at regular intervals, so that the planning can be reviewed.

ORGANIZATION

The **Organization** follows the Planning, in order to ensure the efficiency in the business if and if it is used in the right way. The Organization should define the structures that will cooperate, the procedures that will follow, the schedules of the departments and the operating rules, in order to achieve the Planning.

Actually, it:

- Distributes the necessary work to departments and employees.

- Defines the jurisdictions and responsibilities of the respective staff of the company.

- Coordinates the cooperation of stakeholders to achieve the desired result.

Common mistakes observed in the Organization are:

- The wrong distribution of responsibilities between departments / employees.

- The wrong distribution of responsibilities.

DIRECTING

The **Management** has to do with the proper management of the staff, ie the human factor of the company.

It concerns the guidance, encouragement and activation of human resources in order to achieve the short-term and long-term goals of the company.

The operation of the Management goes beyond the simple issue of instructions and orders from the highest to the lowest executives of the company.

Effective management also means effective communication between the members of a business.

In order to have an **effective** Management there must also be communication between the company executives and the staff. Collaboration and teamwork are important components for a good workplace climate.

The Management must activate all the skills and abilities of the members of the company for the good of it, but also of the executive who is responsible for the above.

1. - PRINCIPLES OF BUSINESS ORGANIZATION & ADMINISTRATION

CONTROL

The final function is Control. With the Control the company tries to determine whether the objectives and forecasts are in line with the results.

It is therefore directly linked to Programming and must take its data as an evaluation basis.

Even more important is the Programming to include a Control Plan from the beginning.

Through the Control, errors and weaknesses are identified, so that they are corrected and do not deviate from the line of goals that were initially set.

The mistake is often made and the Control process is not performed because it is considered unnecessary, especially in cases where Programming has succeeded.

However, even then the Control process must take place as it will provide information that will improve the operation of the Company in many ways in the future.

It becomes clear that the concept of Organization and Management is directly related to the effectiveness of a Business. In fact, it is the basic condition for the effective utilization of the resources that a company has to achieve its goals.

2. - ORGANIZATION & MANAGEMENT INFORMATION SYSTEMS

INFORMATION SYSTEMS

What are Information Systems?

- A set of computer systems, intended for the collection, registration, retrieval, processing, storage and analysis of information. These Systems may include software, hardware and telecommunications.

- Information Systems are the means for the harmonious cooperation of human resources, data, processes and information and communication technologies.

ORGANIZATION & MANAGEMENT INFORMATION SYSTEMS

What are Organization & Management Information Systems?

- In the past, internal auditing was done manually and only periodically, mainly for accounting purposes. This method worked but provided belated and limited information for the performance of the management of the Company.

- With the development of information technology, and the installation of computer systems in businesses, the situation has changed. Data storage & management allowed the creation of entire administrative reports.

- With such references in their hands the business managements could make better decisions so that the Company could grow.

- The term Organizational & Management Information Systems was coined to describe such applications that provide managers with decision-making services, human resource management, business resource planning, business performance management, supply chain management, customer relationship management, data management, etc.

Let's look at some of them

2. - ORGANIZATION & MANAGEMENT INFORMATION SYSTEMS

Office Automation

What are Office Automation Systems?

- Office Automation refers to the variety of computer equipment and software used to digitally create, collect, store, manage, and retransmit office information required to perform basic tasks.

- The storage of primary information, the electronic transfer, and the management of electronic business information are the basic features of an Office Automation System. Office automation helps optimize and automate existing office processes.

- The backbone of office automation is a local area network (LAN) and peripherals, which allows users to carry data, emails, and even voice across the network.

- Finally, they need some space in the Cloud in order to maintain information that must be accessible to both or external partners such as the accountant. In general, it includes:

Computers	Office software e.g. Office suite, Open Office
Peripherals (printers / scanners)	Online communication software e.g. ZOOM, Skype
LAN with internet connection	MS project management software, Primavera
Cloud space	Through software e.g. Google Drive, DropBox etc

ERP

What are ERPs?

Enterprise Resource Planning (ERP) is business resource planning software. By resources we mean both human resources and material such as e.g. vehicles.

An ERP information management system integrates functions such as shipment planning, raw material purchasing, warehouse inventory, sales, financing and human resources.

For these functions it collects information about the activity and status of the various components, making this information available to other components where it can be used productively.

For example you can:

- schedule shipments with full load as well as receipts of raw materials,

- consolidate and execute supplier payments,

- manage the warehouse of products or raw materials,

- include customer data.

An ERP works like the human brain that collects signals from organs and the rest of the body, processes them and decides.

Helps a company gain greater self-awareness by linking information about production, financing, distribution and human resources.

ERP connects different technologies used by each individual part of a business, eliminating the technological problems of the past.

Businesses used to buy ERP software and install it on their equipment.

Now, ERP solutions can be found online in the cloud.

Incorporating an ERP solution into a business does not mean that it eliminates existing ecosystems. ERPs are configurable systems and can therefore "collaborate" with existing business systems.

Therefore, each department still has its own subsystem, but at the same time can communicate and share information more easily with the rest of the company and all this through ERP software.

Uses and advantages of cloud ERP

- Cloud ERP is a low cost system. The only expense he adds is the monthly charges that are usually calculated according to usage. This makes cloud ERP more customizable and therefore more economical for small businesses.

- Cloud computing made it easy to work around the world, with no geographical boundaries. Thus, if a company is headquartered in one city and another branch of the same company is open in another part of the world, access to the same ERP system is a guarantee of smooth operation and increased productivity.

- A big advantage of a cloud ERP for a small or medium business (SME), is the fact that it is supported online by the company that develops it. This means that maintenance costs and extra staff need not be added to the total cost.

- A growing company is constantly in need of new human resources, equipment, etc. These changes are recorded in the ERP without modifying the data of existing staff & equipment and so the inclusion of new resources in the Business Planning is smooth.

- One important thing that the Company must apply in relation to the data of an ERP system, is the compliance with GDPR rules.

CRM

What are CRMs?

- CRM (Customer Relationship Management) is software for managing customer relationships. They are essential information systems with which, by gathering customer information and using the appropriate technologies, they enable their improved management and service.

- The goal is through the proper management of the Customer List to improve the relationship with each Customer and so that he does not lose due to competition. Therefore the existing Customer List is maintained, while it increases every time a new Customer is added.

- This optimized management is implemented by consolidating customer information and documents into a single database, so that the Company can manage them more efficiently and quickly.

- A CRM program helps manage all customer data and allows employees to be more productive and efficient by tracking customer history and adding reminders for scheduled sales or appointments.

➤ CRM systems are now available online in addition to the classic local installation. By Online we essentially mean their operation in the Cloud (as SaaS - Software as a Service), thus providing additional and remote access to their Administrator.

In addition, Online systems provide a number of additional services such as:

- sending an email to the customer,

- sending sms / mms to his mobile,

- sending a message to his profiles on Social Media,

- the automation of sales department processes,

- recording information related to performance and productivity.

All data is stored in the Cloud, ie on an external, remote network that employees can access at any time, wherever there is an Internet connection.

In this way, CRM is now a subscription service, allowing the Company to choose the services it needs only.

Therefore, it avoids the complete purchase and installation of CRM in the business equipment, its configuration and many other processes that are now undertaken by the CRM service provider.

Getting a subscription to a cloud CRM is a cheaper and more cost-effective solution for small and start-up businesses.

2. - ORGANIZATION & MANAGEMENT INFORMATION SYSTEMS

Uses and advantages of cloud CRM

- Data collection becomes easier and processes such as sending emails and SMS messages to customers are automated.

- Long-term relationships are built with customers, through small but essential functions, such as sending birthday wishes or reminders.

Through the data it processes, it can determine how and where improvements should be made to a business. For example, it can help integrate business strategy with other CRM, ERP or third-party applications.

Something important that the Company must apply in relation to the data of a CRM system, is the compliance with the GDPR rules.

Possible disadvantages of CRM-ERP cloud

- A company will be able to face cost overruns if its ERP / CRM system is not implemented carefully. In addition, an ERP system does not always eliminate the shortcomings of the business.

- ERP / CRM systems usually fail to meet the targets due to the company's reluctance to abandon old processes or habits that are incompatible with the software.

- Every new change in a company's processes, such as the integration of CRM / ERP systems, takes time to adapt. If the company is small, the required staff training may be a small disadvantage, while if it is large it should develop training programs for all its employees.

Did you find it interesting?

Do the quiz to assess yourself!