



Types & Functions of Business

Ch. 6.2

+ What You'll Learn...

- Types of Business
- 5 Main Functions of Business
- Interdependency



+ Review...

- What are the 6 types of business ownership?
 1. Sole Proprietorships
 2. Partnerships
 3. Corporations
 4. Cooperatives
 5. Nonprofits
 6. Franchises



+ Types of Businesses

- Producers
- Processors
- Manufacturers
- Intermediaries & Wholesalers
- Retailers & Service Businesses



+ Producers

- **Producer:** A business that gathers raw goods
- **Examples:**
 - Agriculture
 - Mining
 - Fishing
 - Forestry



+ Processors

- **Processor:** Changes raw materials into more finished products
- Made from raw goods that require more processing
- Examples:
 - Sugar cane → Sugar
 - Crude oil → Gasoline
 - Iron → Steel



+ Manufacturers

- **Manufacturer:** Business that makes finished products out of processed goods
- Examples (Finished Goods):
 - Cars
 - DVD's
 - Computers





Intermediaries & Wholesalers



- **Intermediary:** Business that moves goods from one business to another
 - Buys goods, stores them, & resells
- **Wholesaler:** Distributes goods
 - Example:
 - Buys products in large quantities from manufacturers and sells smaller quantities to retailers



Retailers & Service Businesses



- **Retailer:** Purchases goods from a wholesaler and sells them to consumers (final buyers of the goods)
- Examples:
 - Auto dealers
 - Grocery stores
- **Service Business:** Perform tasks rather than provide goods
- Examples:
 - Medical clinics
 - Law firms

+ 5 Functions of Business



1. Production & Procurement
2. Marketing
3. Management
4. Finance
5. Accounting



1. Production & Procurement



- **Production:** Process of creating, expanding, manufacturing, or improving goods and services

- **Procurement:** Buying and reselling of goods that have already been produced
 - Example: Wholesalers buy goods from producers to resell to retailers and other wholesalers



2. Marketing



- **Marketing:** Process of planning, pricing, promoting, selling, and distributing ideas, goods, and services
- Involves getting consumers to buy a product or service
- Make decisions based on:
 - Market research
 - Trends

+ 3. Management

- **Management:** Process of achieving company goals by planning, organizing, leading, controlling, and evaluating the effective use of resources



+

4. Finance

- **Finance:** The business or art of money management
- Requires analyzing financial statements to make future decisions



+ 5. Accounting

- **Accounting:** Involves maintaining and checking records, handling bills, and preparing financial reports





Interdependency of Functions



- Functional areas of business depend on each other
- Companies benefit from working together
- Example:
 - If sales are decreasing, accounting & finance can note the drop, and a new marketing plan may be needed
 - If products are prices too high, new procedures have to take place from management

+ Activity

- **Memory Device (with teammate)**
- In pairs, create a device that will help you remember the steps involved in the types of businesses in order.
- Create acronyms, acrostics or a visual that will help you
- Must include: Producer, Processor, Manufacturer, Wholesaler/Intermediary, Retailer

