

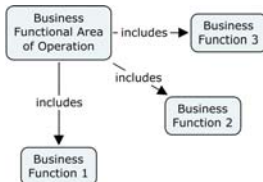
Business Functional Areas, Business Functions, and Business Processes

By Susan L. Miertschin

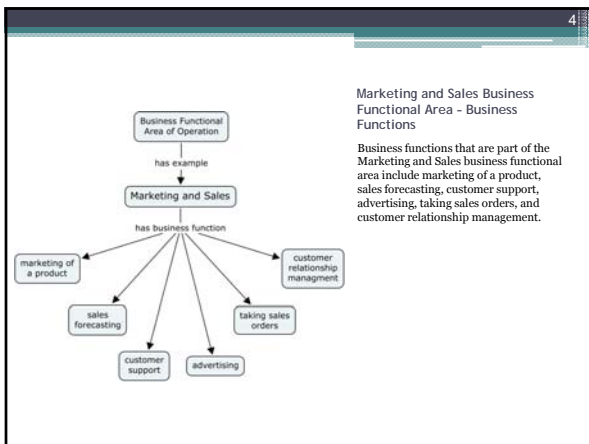
Functional Areas of Operation

- Many companies have four main functional areas:
 - Marketing and Sales (M/S)
 - Supply Chain Management (SCM)
 - Accounting and Finance (A/F)
 - Human Resources (HR)

Functional Areas Have Business Functions

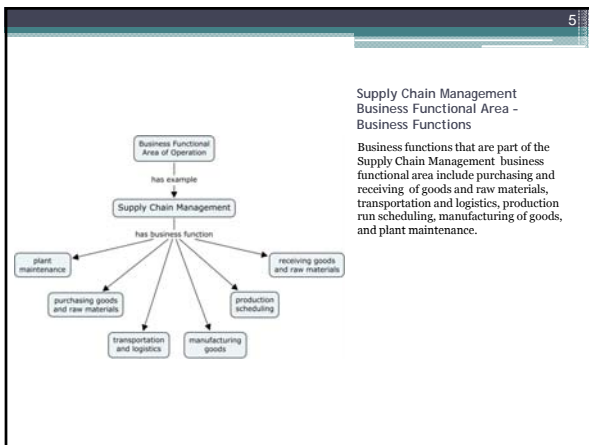


- Each main functional area consists of a number of narrower business functions specific to the functional area
- Historically, businesses have organized themselves according to business functions



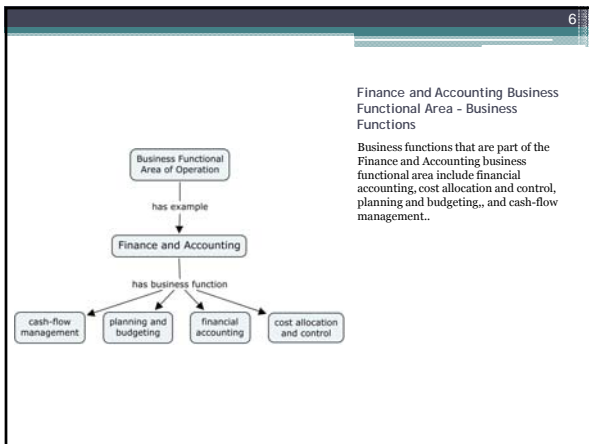
Marketing and Sales Business Functional Area - Business Functions

Business functions that are part of the Marketing and Sales business functional area include marketing of a product, sales forecasting, customer support, advertising, taking sales orders, and customer relationship management.



Supply Chain Management Business Functional Area - Business Functions

Business functions that are part of the Supply Chain Management business functional area include purchasing and receiving of goods and raw materials, transportation and logistics, production run scheduling, manufacturing of goods, and plant maintenance.



Finance and Accounting Business Functional Area - Business Functions

Business functions that are part of the Finance and Accounting business functional area include financial accounting, cost allocation and control, planning and budgeting, and cash-flow management.

Human Resources Business Functional Area - Business Functions

Business functions that are part of the Human Resources business functional area include recruiting and hiring, training, payroll, government compliance, and benefits.



Business Processes

- A collection of activities that takes one or more inputs and creates an output that is of value to the customer
- Customer may be a traditional external customer who buys the product or service, or an internal customer (a colleague in another department)
- Customer's perspective
 - does not care that business functions overlap in processing their order
 - is unhappy when mistakes occur or delays are caused by poor coordination of business functions

Integration of Business Functions

- Sharing data efficiently and effectively within and between business functions and functional areas leads to more efficient business processes
- Information generated by each function must flow through the process – across functions and functional areas as needed

Integrated Information Systems

- share data between functional
- Each functional area often has its own unique information system to support its business processes
- An Enterprise Resource Planning system is an Integrated Information System
 - often consists of functional area modules

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