

# Business organisations and operations assignment



## Business Organisations and Operations Assignment Task 1 Differences

between types of organisations

**Sole trader:** is the simplest way to run a business – it does not involve paying any registration fees, keeping records and accounts is straightforward, and you get to keep all the profits. However, you are personally liable for any debts that your business runs up, which make this a risky option for businesses that need a lot of investment.

**Partnerships:** consist of two or more partners who are both responsible for the business. They share assets, profits, liabilities, and management responsibilities for running the business.

**General partnerships** are formed by individuals. They are taxed in the same manner as a sole proprietorship, meaning that each partner includes business income on his or her personal income tax return. A **limited company:** is a company in which the liability of the members or subscribers of the company is limited to what they have invested or guaranteed to the company. Limited companies may be limited by shares or by guarantee. And the former of these, a limited company limited by shares, may be further divided into public companies and private companies.

Who may become a member of a private limited company is restricted by law and by the company's rules. In contrast anyone may buy shares in a public limited company. **Public Sector:** organisations are owned and controlled by the government or local government. They aim to provide public services, often free at the point of delivery e. g. the NHS and the police force. **About QVC** QVC is a virtual shopping centre where customers can shop for quality merchandise 24 hours a day, seven days a week via television, telephone or computer.

Their goal is to exceed the expectations of our customers by offering unique and innovative products which are matched in quality and value. To do this, they source products in the United Kingdom as well as every continent on the globe except Antarctica. Reaching over 22 million UK Homes, QVC broadcasts 24 hours each day – live from 9am to 2am. In 2007, QVC employs over 2,000 employees in the UK split over two sites: Battersea in London, and Knowsley, just outside of Liverpool. Battersea is home to the Broadcast Centre and main offices; Knowsley houses the Distribution Centre, Call Centre and Warehousing.

Future Goals •Being leaders in our market •Delivering a great customer experience •Excelling at our processes •Creating a great place to work

Corporate facts With 2007 net sales topping ? 352.6 million and an increase of 6.5 percent over the previous year QVC UK is one of the top five TV shopping channels in the world. UK facts •QVC UK sales were ? 359.7 million in 2008 •QVC UK handled 15.2 million phone calls and shipped 13.9 million units in 2008 •QVC UK is carried on satellite, cable and digital platforms throughout England, Scotland, Wales and Ireland, reaching 22.8 million homes.

The channel broadcasts 24 hours a day, seven days a week, with live programming from 9am to 2am Global facts •QVC reaches 166 million homes across the globe •In 2008 QVC shipped more than 160 million units worldwide •QVC employs more than 17,000 people worldwide

Task 2 About Home Shopping Network (HSN) HSN, Inc. is a \$3 billion interactive multi-channel retailer with strong direct-to-consumer expertise and operates two business segments, HSN and Cornerstone. HSNi offers an innovative,

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differentiated retail experience on TV, online, via mobile, in catalogs, and in brick and mortar stores.

HSN delivers an assortment of exclusive products and top brand names, and broadcasts live 24 hours a day, seven days a week, 364 days a year, reaching approximately 96 million homes. HSN.com is a top 10 most trafficked e-commerce site that creates a unique experience by leveraging content, community and commerce. In addition, HSN is an industry leader in transactional innovation, offering services such as HSN Shop by Remote, mobile applications, including HSN apps for iPad, iPhone, Android, and HSN on Demand. Cornerstone is comprised of leading home and apparel lifestyle brands, including Ballard Designs, Frontgate, and Garnet Hill.

Cornerstone operates eight separate e-commerce sites, distributes more than 275 million catalogs annually, and has 20 retail and outlet stores.

Difference between QVC and HSN The Internet has truly brought about numerous changes in the way we do things, and when we would have once had to seek services online, we now routinely turn to the Internet. One of the things that we can now do online is shopping and two of the most popular shopping networks around are QVC and HSN. This comparison will look at what the two have in common and how they differ. Product Lines

Compared to HSN, QVC seems to be geared towards a younger audience, at least based on the company website. This is because the site features many brands that cater specifically to beauty and fitness concerns. QVC has a much wider range of beauty, skin care, and fitness products, and much of its merchandise is of the mainstream and high-end variety. The company

also has the lock on brands such as Bare Essentials, Philosophy, Bobbi Brown, and Laura Gellar, in addition to many others of its kind. To its credit, HSN does carry brands such as Serious Skin Care, Signature Club A, and YBF, along with an extensive selection of Wei East products.

The online store also carries a selection of products from Donna Ricco, Faith and Zoe, and Howe II, which aren't as well known as the brands carried by QVC. Both stores also carry anything and everything from electronics to kitchen appliances and even costume jewellery. Prices Both QVC and HSN offer prices that are considered quite reasonable and they both offer regular sales on common items. Both places are also excellent for getting good deals, and the clearance sections are definitely worth a try. Customer Service

In terms of customer service, QVC and HSN are again practically tied, with both stores staffed by generally knowledgeable and helpful people. While the staff members at QVC are noticeably friendlier and more accommodating, the staffs at HSN aren't what you would call unfriendly, just a bit more abrupt and to the point. The staff in both stores is usually available and capable of handling most customer concerns in a friendly and efficient manner. In terms of returns of defective or wrong merchandise, we would have to give the edge to HSN, since the store offers free shipping of items.

Aside from this difference however, the return policy at QVC didn't really give us much reason to complain. Summary of Differences QVC •Seems to be a geared towards a younger audience •Features many brands that cater specifically to beauty and fitness concerns •Has a much wider range of

beauty, skin care, and fitness products •Much of its merchandise is of the mainstream and high-end variety •Prices are quite reasonable HSN •Carries brands such as Serious Skin Care, Signature Club A, and YBF, •Has an extensive selection of Wei East products •Offer prices that are quite reasonable •Offers regular sales on common items

The role of economies of scale The increase in efficiency of production as the number of goods being produced increases. Typically, a company that achieves economies of scale lowers the average cost per unit through increased production since fixed costs are shared over an increased number of goods. There are two types of economies of scale: External economies: The cost per unit depends on the size of the industry, not the firm. Internal economies: The cost per unit depends on size of the individual firm Both QVC and HSN use Bulk buying economies within the internal economies of scale.

Internal economies of scale Internal economies of scale relate to the lower unit costs a single firm can obtain by growing in size itself. There are five main types of internal economies of scale. Bulk-buying economies As businesses grow they need to order larger quantities of production inputs. For example, they will order more raw materials. As the order value increases, a business obtains more bargaining power with suppliers. It may be able to obtain discounts and lower prices for the raw materials. Both HSN and QVC have high profit margins relative to other resellers of merchandise.

HSN however, has never been able to match QVC in terms of margins or sales growth. This could be a factor of poor execution or just economies of scale this is a very high fixed cost business, and QVC has always been the

market leader. As of last year, QVC had EBITDA-CapEx margins of about 20%, versus HSN's 9%. The roles of the production function within the firm: Job, batch and flow production Production is about creating goods and services. Managers have to decide on the most efficient way of organising production for their particular product. There are three main types of production to choose from: Job production where items are made individually and each item is finished before the next one is started. Designer dresses are made using the job production method. •Batch production where groups of items are made together. Each batch is finished before starting the next block of goods. For example, a baker first produces a batch of 50 white loaves. Only after they are completed will he or she start baking 50 loaves of brown bread. •Flow production where identical, standardised items are produced on an assembly line. Most cars are mass produced in large factories using conveyor belts and expensive machinery such as robot arms.

Workers have specialised jobs, for instance, fitting wheels. Give a brief explanation of the organisation's quality systems and why these are necessary. QVC Inc offers solutions and resources for all industries striving to develop, improve and implement quality management systems. Auditing, reporting and system improvements are available to enhance business and achieve efficiency goals. The head of HSN's quality assurance team, leads a talented group of 70 professional technicians ranging from chemists to microbiologists to tailors to graduate gemologists.

Each year these “ product detectives” test over 26, 000 samples that are considered for possible sale on the 24-hour shopping network (which is more than twice the product of traditional retailers due to the large variety of

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items offered on air). What both businesses have in common:

- Development of Quality Management Systems including mapping business processes, writing Quality Manuals & procedures and registration with recognized authorities
- Internal auditing of quality management systems, i. e.

ISO 9001, Work Instructions and custom management methodologies

- Development of Pressure Piping Manuals (registration requirement in Ontario) and Pressure Vessel Manuals (in compliance with CSA, ASME and NBBI)
- Non-conformance investigations and analysis, including corrective and preventative measures
- Generation of Standard Operating Procedures , templates and record formats
- Employee training

Analyse and evaluate the organisation's production processes in terms of type, frequency, purchasing of materials and stock control systems

After researching both businesses I have found them to be very similar in terms of size, products, and sales.

Both businesses use very similar stock control systems with similar aims:

Stock control is concerned with trying to buy or hold levels of stock which will allow Production and sales to take place, while minimising:

- Production stoppages (lost sales/good will from stock shortage).
- Stock outs (i. e. lost sales/good will from stock shortage).
- Opportunity cost (other uses for money tied up in surplus stock).
- Storage costs (i. e. warehousing, staffing, security).
- Spoilage costs (i. e. obsolescence or wastage of stocks).

- Admin/finance costs (order processing, etc. ).

•In order to try and achieve this aim, efficient stock control will involve deciding on an efficient level of

stocks to hold

Both QVC and HSN both run their stock control off the same system being ESL An Economic Stock Level (ESL) The economic stock level (ESL) method is used to determine an optimum stock level which minimises

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both stock holding and stock out costs. The ESL system ensures that adequate stocks are always at hand while costs are minimised by systematically reordering/producing a specific amount of stock at appropriate times to maintain this optimum stock level. The ESL system operates through the establishment and implementation of:

- Economic stock level.
- Minimum stock level.
- Reorder stock level.

Economic reorder quantity. The precise values for these factors and overall stock levels under ESL will depend upon:

- Demand: stock should meet normal demand and allow for unexpected changes.
- Seasonal factors: seasonality can affect levels, e. g. toys at Christmas.
- Stock holding costs: if stock costs are high then stocks will be low.
- Working capital available: low capital available implies low stocks.
- Stock type: Fashionable/perishable goods stocks are likely to be small.
- Lead time: how long it will take for new stock to be received from suppliers.
- External factors: risks of shortages may encourage stock holdings (fuel strike etc. ).