The Office in the Business World

Chapter 1
Topic 1-1 The Office in a Changing Business World
  The Office Today
  The Office in Relation to the Total Organization
Topic 1-2

Chapter 2
Topic 2-1 Office Competencies
  Office Competencies Needed for Employment
  Developing Office Competencies

Topic 2-2

Millions of Americans spend much of each workday in offices. Many changes in technology have occurred during the last decade. These changes have created a widespread need for knowledge and skills that are commonly referred to as office competencies. Whatever their fields of specialization or careers, workers share a need to know how to perform efficiently and effectively in offices. *The Office in the Business World* introduces you to the office as a workplace.

**OBJECTIVES**

- Describe the relationship of the office to the overall organization
- Describe typical goals and structures of businesses
- Identify the types of office competencies workers need
- Explain employer expectations and factors related to developing office competencies
he office is changing. Many workers now perform office tasks. The recruiter in a human resources department, the technician in a chemical laboratory, the curator in a museum, the buyer in a department store, and the CPA in a public accounting firm all perform a range of office tasks during a typical workweek. All office workers, regardless of their responsibilities, must understand the significance of office functions in relation to their work and to the total organization.

In Chapter 1, you will learn about various types of offices and office workers. You will also gain an understanding of typical goals and structures of businesses, not-for-profit entities, and governmental units.
The term *office* is used in a variety of ways. An *office* is a place in which the affairs of a business, professional person, or organization are carried out. For example, you may have heard a lawyer say, “I will be out of the office during the afternoon,” or an instructor say, “Come by my office.” The office is a place of work for many categories of workers. Accountants, marketing managers, systems analysts, human resource directors, as well as secretaries, records clerks, administrative assistants, and many others work in offices. Although each of these employees has varying responsibilities, all of them must be knowledgeable about many office practices.

The office as discussed in this textbook reflects a focus on the many workers who need to understand office practices and use a variety of office skills. Regardless of what you plan for your life’s work, you will benefit from studying the topics in this book and from the competencies you will develop.

**OBJECTIVES**

- Describe various types of offices
- Describe types of workers who use office skills
- Explain how technology influences office practices
- Identify common information-related office tasks

**WORKPLACE CONNECTIONS**

Carole Federman is an internal auditor for an international bank with headquarters in Philadelphia. Her work requires traveling to branches throughout the United States and to such cities as Paris, Milan, and Tokyo. She must write many reports communicating her conclusions and recommendations. Carol composes her reports at her laptop computer, usually completing the reports with no assistance from office support staff.

**Figure 1-1.1**

This executive prepares reports using her laptop computer.
Helen Serreno works as an office assistant to the director of a relatively new art gallery in Santa Fe, New Mexico. Helen talked about her job in these words:

I never know what a day will be like. I handle all the office tasks for the director, the art assistant, and the manager of exhibits. I do some tasks every day such as open and organize the mail and write notes about the correspondence to assist the director in responding as quickly as possible. I have a state-of-the-art personal computer, a photocopier, a fax machine, e-mail and Internet access, and a wide range of software programs that I use daily. I’m responsible for maintaining all the equipment, too.
You might wonder why some offices are specialized while others are not. Offices that process large volumes of the same type of transaction tend to be specialized. For example, a large manufacturing company that buys 500 different raw materials is likely to have a specialized buying office. In a company that uses only a dozen raw materials, the buying may be done in an office where various other tasks are also performed.

Even though many employees handle office tasks, some individuals, as well as entire departments, devote full time to administrative support services. These tasks are also referred to as office support services. Some organizations, for example, have a word processing center where reports, letters, and other documents are prepared. Specialized office functions are often necessary for achieving the goals of the company.
mission statement: the goals, priorities, and beliefs of a company

The president of a midsize bank in Columbia, South Carolina, talked about the role of administrative support services in these words:

From the communication of our mission statement, which provides the overall inspiration for all our employees, to the timely payment of wages and salaries, we are completely dependent on the large staff of dedicated office employees. There would be chaos throughout this company without our efficient and effective office personnel. We value them and provide them with state-of-the-art technology.

Figure 1-1.3
The assistant manager in a small company is instructing a new staff member.

Technology in Modern Offices

The use of technology is common in today’s offices. The architect that designs and constructs buildings works at a computer. An executive uses the World Wide Web to find a schedule for travel to London and Madrid. Sales people from several states communicate with the regional manager at headquarters in Philadelphia using a company intranet.

Many companies use up-to-date technology in their offices to help employees be highly productive. Because the technology available is changing, the way work is accomplished is also changing. Workers may expect their responsibilities, as well as the way they work, to change markedly from time to time. The pressure for high productivity and quality performance means that all workers must be willing to participate in change. Furthermore, office workers must be skillful learners—on their own and in more formal training and educational settings.
Alternative Offices

Where is the office? The office may be at headquarters, in a carrying bag, or at home. It may be a temporarily assigned workspace. No longer is the office always a particular space used for the same purpose day after day.

The typical office from earlier days is referred to as the traditional office. A traditional office is permanent and located where the company does business. In such an office, employees travel daily to a central location. They spend the working day at the same desk or in the same workspace and generally report directly to a supervisor or manager. Many businesses still use traditional offices; however, other types of work arrangements are being used more frequently.

The practice of working and communicating with others from a home office or other remote location is called telecommuting. A worker who telecommutes shares information with clients or coworkers using the Internet or intranet connections and equipment such as a computer, telephone, and fax machine. These workers may work in virtual offices, mobile offices, or home offices.

**telecommute**: the practice of working and communicating with others from a remote location

**Internet**: a public, worldwide computer network made up of smaller, interconnected networks that spans the globe
Virtual Office

The term virtual describes something that has a conceptual form but no physical form that you can see or touch. For example, you are acquainted with your local library, a physical building that contains shelves of books you can use to get information. A virtual library might be a computer station capable of providing you access to many libraries from your school or home. Although the virtual library has no physical form, it allows you to gather information just as a physical library does. The virtual office, therefore, has no physical form but allows you to perform work activities as you would in a traditional office setting.

Just as some office workers use virtual offices, some offices use virtual workers. A virtual assistant is a worker with office skills who performs tasks normally handled by an on-site secretary or administrative assistant. This growing field provides advantages to both the company and the virtual assistant. A virtual assistant can work from a home office, set her or his own work schedule, and work only as many hours per week as desired. Virtual assistants do not require on-site office space and are usually paid only for the hours they work. This means cost savings for the company, which can be especially important for small businesses.

Mobile Office

Mobile offices are very much like traditional offices, but they are temporary. Offices set up at construction sites and manned by office staff are one type of mobile office. Another type of mobile office is the nonterritorial workspace. Nonterritorial workspaces are available on an assignment basis. They are not assigned to anyone permanently. This type of workspace is often found in professional organizations. For example, an accounting firm or law firm may have many staff members who work away from the company a great deal of the time. Because such personnel do not need a permanent office, they can request an office on their arrival at headquarters.

The use of nonterritorial workspace is sometimes referred to as hoteling. The assignment process is similar to that of a hotel assigning a room to a guest. Computer software makes maintaining information and assigning
space prompt and effective. Employees who generally work from a home office, for example, may be assigned office space on those infrequent occasions when they do work at the company office.

Home Office

A space within a person’s home that is organized for the efficient performance of office tasks on a full- or part-time basis is referred to as a home office. In many home offices, workers can communicate easily with others using e-mail, the Internet, an intranet, fax, and the telephone. Some people who work at home are able to participate in teleconferencing with persons at headquarters as well as at other locations in any part of the world.

Many people who work in home offices are self-employed. Such persons are often called freelancers. Freelancers may occasionally meet with customers or clients in person. However, they may communicate primarily by e-mail, telephone, and mail.

home office: space within a person’s home that is organized for the efficient performance of office tasks

freelancer: independent contractors who work for others, usually on a project-by-project basis
Predictions Are for Further Change

The current era is considered one of rapid change. However, all organizations do not apply change at the same rate or in the same way. Some companies monitor changes in technology and introduce the newest equipment and software related to their work as quickly as possible. Such organizations see the value in updating their operations. At the same time, other companies decide that no changes are needed.

A company with the latest ideas and technology, though, may not necessarily be as effective and efficient as a company that continues to use more traditional ideas and technology. New technology may be an aid to high productivity, but it does not ensure that high productivity will take place. For example, dedicated workers may be able to complete more work with older equipment than indifferent workers are able to complete with the latest equipment. Over time, however, highly successful technology tends to be accepted by most organizations.

Ingrid Thomason owns and manages an accounting service business as a freelancer, working from her home. Having worked in the accounting department of a large company, she is knowledgeable about accounting systems. She decided that she would prefer to live in a small rural town and believed there were many small businesses that would find her service appealing. She was successful in finding as many clients as she could handle. Her state-of-the-art computer and software programs allow clients to transmit financial information to her for processing and organizing. Her clients have online access to their financial statements on a timely basis. Ingrid notes that she has a number of clients that she has never seen in person!
Reviewing the Topic

1. List five information-related office tasks.
2. What kinds of employees need office competencies?
3. As you consider the office functions in Figure 1-1.2, identify at least three that you believe would require skill in using equipment.
4. As you consider the office functions in Figure 1-1.2, identify at least two that you believe at this point you could handle. Explain why.
5. Why might an organization have specialized offices? Give an illustration of such an office.
6. How does a traditional office differ from a virtual office, a mobile office, and a home office?
7. What makes telecommuting a feasible way of handling office work?
8. The offices in Company A are state-of-the-art, while those in Company B are traditional. Explain the difficulty of determining which offices are most effective.

Making Decisions

Assume that you have completed your studies and are seeking your first full-time position. You have been interviewed by personnel recruiters in two companies. Each company has offered you a position. You like both companies as far as the nature of the work, the salary, and the employee benefits. But there is a difference in where you will work.

In Company A, you would be expected to come to headquarters each day. The company has excellent computer facilities, and the supervisor seems very helpful and friendly. In Company B, you would be telecommuting. Company B would provide you with all the equipment and furniture for your workstation at home. You would have access to the supervisor via telecommunications. From time to time—possibly no more than once in three weeks—you would be expected to attend a training session or a team meeting at headquarters. Which position would you accept?

1. Make a list of the factors you would consider in making a decision.
2. Write a brief paragraph in which you discuss your decision and the basis for it.
Reinforcing English Skills

For a group of words to be a complete sentence, they must contain both a subject and a verb. In this exercise, you will identify complete and incomplete sentences. You will change incomplete sentences into complete sentences, choosing words that make sense to you.

1. Open the data file Sentence. Read the paragraphs, noting which sentences are complete and which are incomplete.
2. For all incomplete sentences, add a word or words to make complete sentences.
3. Save your edited sentences.

Note: Save all documents created for exercises in this textbook using meaningful file names. Print documents or e-mail them to your instructor as your instructor directs. Keep all files for possible use in other exercises.

Getting Acquainted with Local Offices

In this activity, you will become familiar with the types of offices in your own community. Work in a team with three other class members to complete this activity.

1. Develop a list of four or five major employers in your area.
2. Find answers to the following questions through inquiry or observation.
   - What is the primary product(s) or service(s) of the business or organization?
   - What percentage of the employees work in offices at this location?
   - How many workers telecommute? If there are workers who telecommute, how many of them are considered office workers?
   - What technology is being used in preparing letters and memorandums? for telecommunications? for records management?
   - In general, determine if the technology in use is state-of-the-art, somewhat up-to-date, or primarily a noncomputerized type.
3. Prepare a written report of one to two pages in which you present the information you gathered. Use spreadsheet software to prepare a pie chart showing office use of technology that is current, somewhat current, and not current. Incorporate this pie chart in your report.
4. Participate in a discussion that summarizes what offices are like in your community.
Qualifying as a Home Office

In the United States, a person who works in a home office may be able to deduct costs related to the home office from federal income taxes. The home office and its use must meet certain requirements, however. You will learn about those requirements in this activity.

1. Open the data file Qualifying and read the excerpt from IRS Publication 587, Business Use of Your Home.

2. Briefly describe the requirements a home office must meet to qualify for a business tax deduction.

3. A freelance writer uses a portion of her den for a home office. The den is also used as a family gathering place for watching TV and playing games. Does this home office qualify for a business tax deduction? Why or why not?


5. Prepare a one-page flyer that summarizes the requirements for a home office to qualify for a business tax deduction. Use the current information you found on the IRS Web site or the information from Publication 587 to prepare the flyer. Include a source note on the flyer similar to the one shown in the file Qualifying. Use different font sizes, bullets, graphics, or other design elements to create an attractive, easy-to-read flyer.
CHAPTER 1: THE OFFICE IN A CHANGING BUSINESS WORLD

Office tasks are related to the work of others in the organization. Completing tasks often requires judgment and making decisions. Understanding the organization will help you make sound decisions in completing your work.

Understanding the Organization

Office activities are basically related to information. Through creating, processing, communicating, and maintaining information, you learn much about your organization. Such learning, however, is not automatic. You must make an effort to learn about the company. Tasks become more interesting and employees become more valuable when they give attention to understanding their organizations.

Learning from Your Work

The information you handle is related to your organization. You should be alert to opportunities to learn from the content of your work. Of course, you must realize at all times the information you handle may be confidential.

Learning from Resources Available

Many organizations encourage employees to become well acquainted with the total company’s work. Annual reports contain much valuable information about the company’s achievements. These reports are sometimes provided to all employees. Employees find such reports helpful, for example, in understanding the company’s mission as well as its goals for the coming fiscal year. Company newsletters and other communications are also valuable sources for employees.
Noting articles in local newspapers or periodicals about your organization is a worthwhile practice. Employees frequently have access to publications or Web sites that deal with the industry in which the company operates. These sources also provide information for increasing understanding of the company’s business. Workers who understand the company know whom to call when they need information related to their work or to answer an inquiry from someone else.

**Types of Organizations**

In the United States, organizations are categorized as businesses, not-for-profit entities (but not governmental), or governmental units. The goals of these organizations vary, as well as their methods of operation.

**Businesses**

Businesses are organizations that seek to make a **profit**. For the most part, businesses in the United States are organized as single proprietorships, partnerships, or corporations. Additionally, some variations within the type of organization exist. Single proprietorships and partnerships can be organized without approval by any governmental body. Corporations, on the other hand, are required to secure **charters** from the states in which they incorporate. All businesses, regardless of form, must adhere to the laws and regulations governing business activity.

**Single Proprietorship**

A business owned by one individual is a **single proprietorship**. Such a business may or may not also be managed by the owner. Single proprietorships may be of any size, but many of them are small. Welsh Internal Access is an example of a small business. This small company with about 1,000 customers provides Internet access for companies as well as consulting services for those who want to build intranets.

**Figure 1-2.1**

Reading trade magazines is a good way to learn about trends in your field.

---

**profit:** monetary gain; advantage

**charter:** written grant of rights from a government

**single proprietorship:** a business owned by one individual, also called sole proprietorship
A business that is not incorporated and has two or more owners is known as a **partnership**. Different types of partners may participate in a partnership. Some partners may provide funds for the business but not participate in managing it. Other partners may actively lead and manage the business. Partnerships, too, may be of any size; many are small, however.

Ramos & Saunders Graphics is an example of a partnership owned and operated by Bill Ramos and Sally Saunders. The business provides a wide range of artistic services to a variety of clients.

A business organized under the laws of a particular state for which a charter was secured is a **corporation**. Corporations may be privately or publicly owned. Owners have shares of ownership, which are represented by stock certificates. Owners are called stockholders or shareholders. The corporation is considered a legal unit, separate from its shareholders. Most large companies in the United States are corporations. Publicly owned corporations are required to report to shareholders on a timely basis. Such reports become available to many others besides the stockholders.

S. C. Johnson and Son, Inc. is an example of a privately owned corporation. The company develops and sells software systems to individuals, companies, and government agencies.

**Professional Service Organizations**

Professional service organizations are considered businesses, too. Professionals such as lawyers, physicians, dentists, and accountants operate their businesses as single proprietorships, partnerships, or corporations. The
laws and regulations governing a company of professional persons, such as physicians, however, are different from those that apply to other businesses.

Shareholders in a corporation, for example, are generally not held responsible for the behavior of managers of the business. If the business has debts that it cannot pay, shareholders cannot be forced to pay those debts. Members of a professional service organization, however, may be **liable** for each other’s actions as well as for the debts of the company. For example, suppose one accountant in a firm is sued for **negligence** in managing a client’s affairs and found guilty. All members of the firm can be forced to help pay the damages awarded to the client. If the firm does not have enough money to pay the damages, members can be forced to use their personal money to pay the debt.

A professional company may choose to organize as a limited liability company (LLC) or a limited liability partnership (LLP). Both these forms offer some personal liability protection to members of the company. For example, in an LLC a member generally cannot be forced to use personal money to pay for debts of the company. Note, however, that an LLC does not protect a member from liability created by his or her own negligence or criminal activity.

**Not-for-Profit Entities**

Many organizations in the United States provide services without the intent of making profits. Among these organizations are associations that sponsor programs for young people, such as 4-H clubs, Girl Scouts, Boy Scouts, and the Future Business Leaders of America. Other common not-for-profit groups include centers for performing arts, museums, libraries, hospitals, and private colleges and universities. Many hospitals and schools, however, do operate as businesses and do seek to be profitable.

**Figure 1-2.3**

This museum is a not-for-profit entity.
Not-for-profit organizations secure funds from a variety of sources. Many depend on contributions from individuals and groups. They also receive money from dues and fees paid by participants. In some instances, funds are provided to not-for-profit entities by government agencies at the local, state, or federal level. For example, the Metropolitan Museum of Art in New York City is a not-for-profit institution that gets some funding from the local government. Increasingly, not-for-profit entities operate in what is referred to as a businesslike manner. This means that resources are carefully budgeted as though the entity were a profit-making business.

**Governmental Units**

Governmental units at the local, state, and national levels play a critical role in society. These units are called by different names such as agency, commission, bureau, department, and board. Each unit has specific responsibilities for services considered important for the citizens served. Examples include:

- **National**
  - Department of the Treasury, Bureau of Labor Statistics, Environmental Protection Agency
- **State or Province**
  - Department of Commerce, Occupational Safety & Health Division
- **Local**
  - Marriage License Bureau, Board of Education

**Figure 1-2.4**
The EPA’s mission is to protect human health and to safeguard the natural environment.


**Goals of Organizations**

Each of the three major types of organizations has different overall goals. Businesses, including professional companies, seek to make a profit. On the other hand, not-for-profit entities and governmental units do not seek to earn profits. They have overall goals, however, that relate to the services they provide. These goals influence the work of organization employees.
Goals of Businesses
You may have heard a comment such as, “It’s the bottom line that counts.” Prior to the comment, a discussion may have taken place about what a business should choose to do. Various strategies for increasing profits may have been discussed. In general, strategies that will provide the most profit are selected. This increases “the bottom line”—the amount of profit shown on the bottom line of the company’s profit and loss statement. Profits allow a business to expand through investment in new facilities and new equipment. Profits also provide the means to make payments (called dividends) to shareholders in a corporation.

WORKPLACE CONNECTIONS
Many tasks that workers perform relate to helping to meet the profit goals of the business.

Hans Welenz works in the customer service department for a large personal computer manufacturing company. The company sells computers nationwide, primarily to businesses. Hans’s main task is to understand exactly a complaint or question from a customer. He gives the information to the person in the company who can help the customer. Hans and other staff members try to answer all complaints or questions within 24 hours. Hans knows that his work aids the company in meeting profit goals. A satisfied customer will be likely to buy more computers in the future. A dissatisfied customer is likely to make future purchases from another company.

A profit and loss statement may also be called an income statement. An income statement details the results of business operations for a certain period of time. It answers the question, “How successful was the business during the time period?” The income statement lists the amounts and sources of revenues, as well as expenses, and the income (profit) or loss of a business for the reporting period. A net income results if revenues are greater than expenses. A net loss results if expenses are greater than revenues. Dandy’s Delights’ (a single proprietorship) income statement for the recently ended fiscal year is shown in Figure 1-2.5 on page 20.

A balance sheet is a report that presents the financial condition of a company as of a specific date. The balance sheet reports the assets, liabilities, and owner’s equity or capital. The assets of a company include all the goods and property owned by the firm as well as the amounts due the company from others. Liabilities are the debts of the company—what the company owes. The owner’s equity or capital is the owner’s share of the worth of the firm—the difference between assets and liabilities. On every balance sheet, the total assets must equal the total liabilities plus the owner’s equity. This accounting formula applies to every balance sheet, whether the balance sheet is for a large corporation or a small, individually owned business.

revenue: income, money, or other gain received
expense: financial cost; fee; charge
assets: goods and property owned
liabilities: debts
owner’s equity: owner’s share of the worth of a firm; capital
Goals of Not-for-Profit Entities

Not-for-profit organizations, as the title states, do not seek to make a profit. The chief goal of such organizations is to provide valuable services to those who can benefit from them. Museums strive to provide interesting exhibitions of various types of art. Social agencies provide food and cleaning services for the elderly. Such organizations try to make sure all who need their services actually receive them.

Workers in not-for-profit entities perform many office tasks. Here is just one example:

Elvira Sidney works as a counselor in a not-for-profit outreach program in Apopka, Florida. Much of her time is spent helping those who come to enroll in literacy and job skills programs. Elvira realizes that many of her clients are shy and unfamiliar with offices. She is friendly, helpful, and sensitive to the need for encouragement. The outreach organization is aware of the numbers of people in the community who could benefit from the programs offered. They strive each year to increase the enrollment in their programs, which are free.
Goals of Governmental Units

Governmental units, like not-for-profit entities, do not seek to make a profit. These units are supported primarily by tax receipts. The overall goals of governmental units are related to providing services that citizens desire or need. For example, the government maintains a federal highway system, which ensures ease of travel throughout the country. Such a system is an aid to commerce and to the quality of life that citizens enjoy. Many workers in government are required to handle the tasks required to meet the needs of citizens.
This brief description of the duties of one worker in a federal office will provide an idea of what is done in one governmental office:

Judy Chen works as an assistant at the Federal Deposit Insurance Corporation. This federal agency regulates most insured banks in the United States. Judy’s office is responsible for assigning staff to examine banks and receiving reports. Attention to details and to prompt updating of all records is critical in Judy’s position. She finds her work challenging and interesting. She believes she is learning much about the total banking system in the United States through her interaction with examiners and their reports.

Structure of Organizations

Organizations require many different types of employees at various levels of the organization. Because these employees work together, they must understand who is responsible for each activity. They must also understand what authority each person has. Office workers, especially, find it helpful to understand the responsibilities and authority of those with whom they work.

Knowing how an organization is structured will give you a better understanding of how it operates. Many organizations prepare an organization chart that shows positions in hierarchical order. As you can imagine, the organization chart for a large company will have many pages. Figure 1-2.7 shows a partial organization chart for a small company. Note the levels of responsibility and the different titles.

Board of Directors

Many large corporations have boards of directors. Publicly owned corporations must have such boards. Owners elect members of the board of directors. The board establishes the policies that guide senior management in directing the company. Generally, some senior managers of the company are members of the board. The board has a number of committees that may meet more frequently than does the full board. Some members of boards of directors are not employees of the company. These directors are expected to provide guidance and to make decisions that will serve the best interests of the company. Such outside directors receive a payment for their services, which are limited to a number of meetings each year. Generally, the full board of directors may meet no more than four to five times each year.

Not-for-profit entities also have a board of directors (sometimes called a board of trustees) whose responsibilities are similar to those of a corporation’s board.
Senior Management

Those persons who provide direction in carrying out the policies of the board of directors are identified as senior management, or top management, in both businesses and not-for-profit entities. The chief executive officer (CEO), the president, the chief operating officer (COO), and the chief financial officer (CFO) are generally included in this group. The CEO and president have overall responsibility for everything that happens in the company. In some companies, one person holds both of these positions, and even additional ones.

Large companies and not-for-profit entities are often subdivided into units in some manner that is appropriate for the work of the organization. Often the units are called divisions or strategic business units. Divisions are usually managed by vice presidents.
Our employees are empowered. We couldn’t function in this fast-paced world without every employee responding wisely to the changes that surround us. We rely on the common sense and wise judgment of every employee.

The president of a bank in a large North Carolina city who spoke these words is not alone in his belief in empowering all 300 of the bank’s employees. He understands the value of empowerment, which is the privilege to make decisions or changes in what you do without having to get approval.

Empowerment requires that you understand your company. You read earlier in Chapter 1 that “Workers need to understand thoroughly the business or organization in which they are employed.” By understanding your organization, you will find every aspect of your job of greater interest. You will better understand what you are doing, and you will be able to use the privilege of empowerment successfully. Consider this example of employee empowerment.

Melissa works in a large consulting company that believes in employee empowerment. She is a new receptionist on the fourth floor, which serves as a center for meetings and conferences for employees and clients. Every day, three, four, or even more individuals would come to her desk asking: “Where is the meeting for _____?” She would have to get the name of the person responsible for the meeting, call that person’s office, and get the needed information. In the meantime, others were waiting to know where they should go. Melissa realized that a problem existed due to lack of information and clear communications.

Melissa had not been told that she would need to guide individuals to the right room. When she realized this task would be a routine part of her job, however, she began to think about how she could resolve the problem. Melissa knew that conference rooms were reserved and that those assistants making arrangements submitted the details of the meeting via e-mail. She called the office that handled room assignments and asked: “Could you add my name to your list for a copy of your confirmation for a room? I will be able to direct visitors to the right room with this information.” The staff member was cooperative and responded: “Melissa, that is no problem at all. We’ll also keep you informed of changes in plans.” In addition, Melissa decided to post a schedule for the day inside the entrance so visitors could check the time and location of the day’s meetings.

Melissa remembered her orientation to the company and how she and other new employees were informed of the functions of each department of the company. She realized how that information was now helping her as she thought of better ways to handle her assignments. She enjoyed being empowered!
Middle Management

Managers and supervisors who direct day-to-day activities of the organization are referred to as middle management. Increasingly, American companies have fewer middle managers. You may have heard references to a flatter organization. Such an organization has fewer layers or levels of managers. Increasingly, workers are given authority to make decisions without review by one or more higher-level managers. This concept is sometimes called employee empowerment.

Computers have helped in processing and managing information in new ways that enable companies to reduce the ranks of middle management. A movement toward working in teams with all members participating in decision making also reduces the need for middle managers.

Department Employees

The nature of a company’s activities determines the types of workers that will be employed. Each type of employee has certain duties. Working together, they are expected to meet the goals of the organization. In most medium- and large-sized companies, employees are organized in departments or teams that relate to the functions of the company. These functions may include finance and accounting, communications, sales and marketing, information technology, legal services, and human resources. Office workers can be found in all these areas.

Production workers are found in manufacturing companies. These workers make the products the company sells such as cars, computers, or furniture. A manufacturing company will also have employees in departments such as research and development, inventory control, and shipping. Many organizations sell or provide services rather than products. Employees such as financial counselors, legal assistants, and real estate agents who provide these services are needed in these organizations.

The size of a company influences the types of workers needed. In a small company, a single person may, as is commonly stated, wear many hats. For example, one manager may determine how the funds will be spent, authorize all expenditures, sign all payments for goods and services, and be present to oversee the business on a daily basis. You can imagine that an office assistant in such a company would be likely to do tasks related to communications, records management, and purchasing, for example, in the course of a single day. In a large corporation, one person would probably not have the range of responsibility and authority that is common in a small organization.

As you have learned, employees in an organization work at various levels and in many different departments. With few exceptions, you will find office workers in all areas of an organization. Even in departments such as production, office workers are needed to process information.
1. Why is it valuable for a worker to understand the business of the organization in which he or she is employed?
2. In what ways can workers learn about the organizations in which they are employed?
3. What are common forms of businesses?
4. How does a corporation, in general, differ from a single proprietorship or a partnership?
5. What do not-for-profit entities provide?
6. What kinds of services do governmental units provide?
7. Contrast the overall goal of businesses with that of not-for-profit entities and governmental units.
8. What are common titles for persons who are in top management, and what is the general nature of their responsibilities?
9. How does an organization chart aid in understanding a company?
10. At which levels in a large organization are you likely to find office workers?

You were standing at a desk of a coworker when her telephone rang. This is what you heard her say:

Who do you want?
A Mr. Ted Wells? Are you sure he works for this company?
Gee, I really don’t know who the executives are. I don’t work for any of them. I work for the director of catering services.
Oh, you work for Johnson Corporation. Well, you know how hard it is to know your own job, let alone know what is going on in the company.
You say our operator gave you this extension? Possibly, the operator doesn’t know much more about the company than I do.
If I knew the extension for the president’s office, I’d transfer you because I’d guess the president’s secretary knows where everyone is—but, I don’t know the number offhand, and I could never find my directory on this messy desk . . . . Let me transfer you back to the operator. Is that okay? I so wish I could be helpful.
Just hold on. But, first where are you calling from? Why don’t you call when you aren’t busy, and we can have a chat. Do you have my number? It’s 513-555-0192, extension 344.
Hold on. Good luck in finding Mr. Wells. Goodbye.
As you learned in this chapter, the goal of a business is to make a profit. To judge the extent to which the profit goal is being met, businesses analyze their sales on a regular basis. Assume that you are working for a technology development company. The director has given you sales figures related to a new style of wireless communications. You have actual figures for four years and projections for three. Create a spreadsheet or table and use formulas to analyze the sales as follows:

1. Calculate the total yearly sales by adding the U.S. and international sales.
2. Calculate the percentage U.S. sales are of the total yearly sales. Show no decimal places for all percents.
3. Calculate the percentage international sales are of the total yearly sales.
4. For U.S. sales for each year, calculate the percentage increase over 1999 sales.
5. For international sales for each year, calculate the percentage increase over 1999 sales.
6. For total sales for each year, calculate the percentage increase over 1999 sales.
7. Use appropriate column heads and format the information attractively. Add a comment below the data giving your impression of the rate of growth for this technology.

### Reinforcing Math Skills

As you learned in this chapter, the goal of a business is to make a profit. To judge the extent to which the profit goal is being met, businesses analyze their sales on a regular basis. Assume that you are working for a technology development company. The director has given you sales figures related to a new style of wireless communications. You have actual figures for four years and projections for three. Create a spreadsheet or table and use formulas to analyze the sales as follows:

1. Calculate the total yearly sales by adding the U.S. and international sales.
2. Calculate the percentage U.S. sales are of the total yearly sales. Show no decimal places for all percents.
3. Calculate the percentage international sales are of the total yearly sales.
4. For U.S. sales for each year, calculate the percentage increase over 1999 sales.
5. For international sales for each year, calculate the percentage increase over 1999 sales.
6. For total sales for each year, calculate the percentage increase over 1999 sales.
7. Use appropriate column heads and format the information attractively. Add a comment below the data giving your impression of the rate of growth for this technology.

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Sales</th>
<th>International Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>2000</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>2001</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>2002</td>
<td>200</td>
<td>50</td>
</tr>
<tr>
<td>2003</td>
<td>240</td>
<td>80</td>
</tr>
<tr>
<td>2004</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>2005</td>
<td>350</td>
<td>170</td>
</tr>
</tbody>
</table>

---

### 1. Describe the impression you think the caller has of your coworker’s knowledge of the company and of her way of working.

### 2. Identify what you believe the coworker said that reflects positive attitudes toward others.

### 3. If your coworker maintained an orderly desk, what would she have done as soon as it was clear that the caller had the wrong extension? What might she have said instead of the comments shown here?
Organization Chart

An organization chart is often used to show the structure of an organization. Prepare an organization chart showing the management team for the World Wide Sales and Service Division of a multinational company. Refer to Figure 1-2.7 on page 23 for a sample chart.

1. Begin with the company name, GLOBAL MANUFACTURING, followed by the division name, centered at the top as the chart title.
2. Place Thomas McEwen’s name and title, CEO, in the top block of the chart.
3. Insert a block for Paul B. Kalis, Sr. Vice President, who is head of the division and reports to Thomas McEwen.
4. Insert blocks for the following vice presidents who report to Paul B. Kalis:
   - Marco Ortiz, Vice President, Latin America
   - Akira Komuro, Vice President, Asia, Pacific
   - Rachel J. Kohnstamm, Vice President, Europe, Middle East, Africa
5. Insert a block for James E. Phelps, Assistant Vice President, Europe, who reports to Rachel J. Kohnstamm.
6. Insert blocks for Jean L. Lucent, Manager, France, and Howard A. Toole, Manager, Denmark, who both report to James E. Phelps.

Income Statement

The goal of a business is to make a profit. Financial statements such as income statements and balance sheets report how successful a business has been in achieving this goal.

1. Use spreadsheet software to create an income statement for Holly’s Crafts using the data shown below step 8. Format the income statement similar to the one shown in Figure 1-2.5 on page 20. Use appropriate number formats and rules under numbers as shown in Figure 1-2.5.
2. Enter the appropriate headings and date the income statement for the year ended December 31 of the current year.

3. Enter a formula to subtract the cost of goods sold from sales to find the gross profit on sales.

4. Enter a formula to subtract the total operating expenses from the gross profit on sales to find the net income from operations.

5. Enter a formula to subtract other expenses or add other income to find net income before income tax.

6. Enter a formula to subtract income tax to find net income after income tax.

7. Enter formulas to calculate the percentage of sales for gross profit on sales, net income from operations, net income before tax, and net income after tax. (Divide each number by sales.)

8. One goal of Holly’s Crafts is to have net income that is 25 percent of sales or higher. Assuming Holly’s Crafts sells the same amount of merchandise and expenses and taxes remain the same, how much would the company have to increase prices to meet this goal?

Data for an income statement for the year ended December 31 of the current year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$325,000</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>175,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Advertising Expense</td>
<td>1,000</td>
</tr>
<tr>
<td>Delivery Expense</td>
<td>2,000</td>
</tr>
<tr>
<td>Office Supplies Expense</td>
<td>500</td>
</tr>
<tr>
<td>Payroll Taxes Expense</td>
<td>5,000</td>
</tr>
<tr>
<td>Salaries Expense</td>
<td>58,000</td>
</tr>
<tr>
<td>Utilities Expense</td>
<td>3,000</td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>400</td>
</tr>
<tr>
<td>Other Expense</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>2,500</td>
</tr>
<tr>
<td>Income Tax</td>
<td>11,500</td>
</tr>
</tbody>
</table>
Summary

During your study of Chapter 1, you learned about the role of the office in today’s organization, types of organizations and their goals, as well as their structure. Also, you have become acquainted with the varied personnel required by organizations. Consider the points listed below as you reinforce your understanding of the topics in this chapter.

- Offices are found in almost all types of organizations, and many workers in today’s workplace must perform office tasks.
- Offices are information driven.
- Modern offices are subject to rapid change as new technology is introduced.
- The office is not necessarily a place at the organization’s official location. Technology makes the virtual office or mobile office an appealing alternative.
- An understanding of the total organization increases an employee’s ability to handle office activities effectively.
- Organizations are categorized as businesses, not-for-profit entities, or governmental units.
- Organizations, beyond the very small, require varying types of employees to be ensured of meeting the goals established by those who lead the organization.
- While many employees perform office activities, the responsibilities of administrative support services employees relate fully to office activities.

Key Terms

- acquisitions
- assets
- charter
- confidential
- corporation
- employee
- empowerment
- expense
- freelancer
- hierarchical
- home office
- hoteling
- information
- Internet
- intranet
- liabilities
- liable
- mission statement
- mobile office
- negligence
- nonterritorial
- workspace
- office
- owner's equity
- partnership
- profit
- revenue
- single
- proprietorship
- state-of-the-art
- telecommute
- vendor
- virtual office
Organizations in Your Community

Learn more about the organizations in your community by developing a database of the organizations. Work with two classmates to complete this activity.

1. Develop a list of local organizations in your community (businesses, not-for-profit entities, and governmental units).

2. Each team member, select a different type of entity. For at least three organizations in this type of entity, obtain the information shown in step 4.

3. After obtaining the information, work as a group to design a database to record the information. Enter the data in the database. Sort the data by type of entity. If possible, post the database in a location where the information can be viewed by all members of the class.

4. Each team member, select one of the organizations from the database that you would like to consider as a place of employment. Write a brief essay in which you identify your choice. Give reasons why you think you would like to work for this type of organization.

Information about each organization:

- Type of entity
- Complete name and address of the main office
- General telephone number
- World Wide Web site address(es), if any
- Brief description of the main activity, product, or service of the organization
  - For businesses, include the form of organization
  - For not-for-profit entities, include the major sources of funds
  - For governmental units, include the level—local, state, or national
- Brief description of types of workers employed
Balance Sheet

You are the assistant to Holly Cooper, the owner of Holly’s Crafts. Holly has asked you to create a balance sheet for Holly’s Crafts.

1. Open the data file Balance. The data is in rough format. Format the balance sheet similar to the one shown in Figure 1-2.6 on page 21. Use appropriate number formats and rules under numbers as shown in Figure 1-2.6.

2. Enter the appropriate headings and date the balance sheet as of December 31 of the current year.

3. Assets: Enter a formula to add the current assets to find the total current assets. Enter a formula to add the fixed assets to find the total fixed assets. Enter a formula to add the total current assets and the total fixed assets to find the total assets.

4. Liabilities: Enter a formula to add the current liabilities to find the total current liabilities. Enter a formula to add the fixed liabilities to find the total fixed liabilities. Enter a formula to add the total current liabilities and the total fixed liabilities to find the total liabilities.

5. Owner’s Equity: Enter the net income after taxes figure from the Holly’s Crafts Income Statement you created earlier in this chapter as the net income. Enter a formula to subtract Holly Cooper’s withdrawals from the net income. Enter a formula to add the remaining income to the capital beginning balance.

6. Enter a formula to add the total liabilities and the capital ending balance to find total liabilities and owner’s equity. This number should equal the total assets.