Lesson 1: Introduction to business operations and interdependence

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Say what business operations are
- ✓ Explain the difference between producing goods and providing services
- ✓ Explain what interdependence means, with examples
- ✓ Explain how a business objective becomes functional plans

🔑 Key words

Business operations The activities that produce goods or provide services.

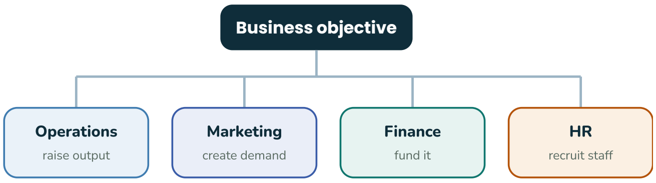
Inputs The resources put into production: labour, materials, machinery, energy.

Outputs The finished goods or services that customers buy.

Interdependence When business functions rely on each other.

Functional plan A plan made by one function to help meet a business objective.

📘 What you need to know



One objective becomes a functional plan for every department.

1. What are business operations?

Business operations are the activities involved in producing goods or providing services. The job of operations is to turn **inputs** into **outputs** — efficiently, and to the quality the customer expects.

> *"The role of operations is to transform inputs into outputs efficiently and to the required quality."*

2. Goods vs services

Some businesses make **goods**; others provide **services**. The difference matters because services cannot be made in advance and stored.

Goods

- ✓ Physical — you can touch them.
- ✓ Can be stored and produced in advance.
- ✗ Need raw materials and storage space.

Services

- ✓ Provided at the moment they are demanded.
- ✗ Intangible — you cannot touch them.
- ✗ Cannot be stored, so quality depends on staff.

3. Interdependence of business functions

A business has four main functions:

- **operations** (produces goods/services)
- **marketing** (creates demand)
- **finance** (manages money)
- **human resources** (recruits and trains staff)

They are interdependent — they rely on each other, and a decision in one area affects the others

> *"If marketing increases demand, operations must increase output — so HR may need more staff and finance must provide the funding."*

4. From objectives to functional plans

A business sets an **objective**, then each function writes a **functional plan** to help reach it. For the objective "increase sales by 20%":

- operations raises production capacity
- marketing increases promotion
- finance funds the new machinery
- HR recruits extra staff

The plans must link together, or the objective will not be met

✅ Test yourself

Cover the answers below, answer Q1–Q7, then check.

Q1 What are business operations?

Q2 What is the main role of operations in a business?

Q3 Give two examples of inputs used in business operations.

Q4 What is meant by the interdependent nature of business functions?

Q5 Give one example of how operations links to marketing.

Q6 Give one example of how operations links to finance.

Q7 What is a functional plan?

ANSWERS

A1 Business operations are the activities involved in producing goods or providing services.
A2 To transform inputs (resources) into outputs (goods or services) efficiently and to the required quality.
A3 Labour, raw materials, machinery, energy.
A4 Business functions rely on each other, and decisions in one area affect others.
A5 Marketing forecasts demand, which operations must meet through production capacity.
A6 Finance controls budgets for machinery, materials, and staffing in operations.
A7 A plan created by a business function to help achieve overall business objectives.