

Business Examples – Any Business

Business Examples – Any Business TeamsWin Information Heavylifting for Any Business

The purpose of this document is to present some common business examples to show how you may use TeamsWin Information Heavylifting. While you look at these business examples, imagine how they are their characteristics are organized in reports, maps, catalogs, etc. Then imagine those schemes associated. In other words, imagine all the types and subtypes you need in order to understand a business, and how the owner mentally associates those structures. The way he sets up his reports shows us how the owner associates those structures. This document does not say any more about strategic entity organization for these example businesses, but use your imagination.

List of common business examples

Construction –Brick and Stone	Quick Stop Gas
Exercise Studio	Real Estate
Fast Food	Souvenir Shop
Glass Business	Tire Store
Insurance	

List of General Problems

Advertising	Profit Planning
Capital Budgeting	Cost-Volume-Profit
Economics	Marginal Analysis
Supply, Demand, Capacity	Reporting
Operational Budgets	Design and Build or
Organization Development and	Sales and Production Integration
Motivation	

Enterprise Understanding—Decision Support

Selling price; number and type of products to manufacture; amount to spend on promotion; and type of equipment to buy are decisions made after the relationship between cost, volume, and profit (CVP) has been completely analyzed.

CVP Contribution Margin Information from Several Reports

You have already collected those CVP relationships in your existing reports. TeamsWin Business Models transform those reports into a strategic view of your business with those CVP relationships needed for business decisions. Plus, the key to CVP is the value of the contribution margin, also a business model feature.

Business Examples – Any Business

We give you the Big Picture

Information for all these decisions comes from the big picture, the enterprise. For example CVP information comes from several functions. “Cost” information comes from financial systems (expense accounts), personnel systems (employee time, machine time). “Volume” information comes from business systems (work measurement – (sales, production, distribution, etc.)). Especially if your business system has standard costs, those standards were developed with information from several functions. We plan profits by analyzing relationships between motivation and work costs to work volumes. In other words to help see the big picture, we develop rates and factors that express the cost volume profit relationships.

The Big Picture hidden in your Reports

Your enterprise understanding is already documented in your functional reports. Using your understanding, we assemble your “big picture”. We just mine your reports and structure your information for decision making. Most of an Enterprise Business Model can be built from a small number of reports: a work report or two; an accounting report; some time and expenses; and an industry report. Notice the similarity your reports have with these:

List of common business reports

([Standard Functional Reports.doc](#))

Advertising	Payroll (or Time and Expense)
Chart of Accounts	Production
Contacts	Proposals
Contracts	Purchases by Type
Customer Strategy (Requests)	Requests
Franchise/Industry Reports	Sales by Type
Inventory	Schedules
Maps	Supplier Catalogs (Proposals)
Marketing Strategy	Trial Balance

List of unique reports

Brick and Stone — Industry Reports	Quick Stop Gas —Franchise Reports
Construction — Industry Reports	Real Estate —Property Transactions
Exercise Studio — Industry Reports	Souvenir Shop —Chamber of Commerce Web Site
Fast Food —Franchise Reports	Tire Store —Franchise Reports
Glass Business — Industry Reports	
Insurance —Franchise/Industry Reports	

Common Roles in Each of These Businesses

In each of these businesses, people play the roles we will be describing below. Someone has to communicate with the customer. Someone has to work. Someone has to manage and administer. The business model is also used when getting help from accountants, consultants, and other purchased services. Some times the same person is playing all the roles. The more roles the better, we think TeamsWin

Decision Support

Information Heavylifting is especially powerful for people who are hard pressed for time. We think we will save you time. Here we are giving you a few ideas how our new type of service may help you. We are attempting to show you how a business model supports everything you would ever learn to do for your business, but do not have the time. We do not have the time or imagination to describe all the other things you can do with it.

Salespeople–Communicate

Salespeople make sales decisions; balancing what to sell, the price, and value to the customer. Our business model adds something new to this balance. With his view of the business model, now the salesperson can also understand value to himself, the supplier. Knowing those two values, the sales person can make the best sales decision.

Producers–Work

Producers make typical production management decisions; deciding when to make or buy, deciding how to sequence work, or deciding when to sell or process further. In our common business examples, the decision is often: “when to work and when to communicate”. In other words, the same person is both salesperson and producer. Understanding from the business model helps in this “sell or process further decision”. With the business model, the decision maker will be able to compare value of the sale to value of work.

Management skills development

Managers need to develop management skills. To be remembered well enough to be executed, management skills need to be organized daily.

Organization Habits

Business modeling produces checklists. The habitual daily use of these checklists can develop organizational management skills. Use of Checklists can train managers to “dovetail” or pull together sets of difficult tasks. These habits of organization produce the power to complete projects “on schedule and under budget.” They also help managers quickly transition back and forth from salesperson to producer.

Marketing–Produces Demand

The business model pulls together information from all systems internal and external into one “Big Picture” for each period. Business activity (sales, production, inventory and distribution) from various functions can be combined with financial activity (receipts, payments, accruals and allocations) by period. This combination measures supply and demand for products and services by period. If demand for product and services is measured by period, then increased time and expenses for advertising can be associated with increased demand for product and services.

Business Model Can Relate Demand to Advertising—Even though demand will never directly relate to advertising, analysis can discover and predict those indirect associations.

Administration (The Heart of Decision Making)

Decision Support

Strategic Plan
Measurement Plan
Strategic Analysis
Market Analysis
Product Analysis
Customer Analysis

Modern Management Accounting
System
Profit Planning Analysis
Cost Volume Profit Analysis
Contribution Margin Analysis

Modern Management Accounting System

Traditional System

Profit Maximization Aid
Goal Allocation Device

Control Device

Modern System

Is also an: Information System
Providing: Support for Decision Making
Serving as a: Communication Medium

Teaching Business Science (with your
company as the example)

Profit Planning Analysis

Cost Volume Profit Analysis

Selling price; number and type of products to manufacture; amount to spend on promotion costs, and type of equipment to buy are decisions that are made after the relationship between cost, volume, and profit (CVP) has been completely analyzed. Understanding from the business model establishes this CVP relationship. Plus, the key to CVP is the value of the contribution margin.

Contribution margin

(Marginal income, marginal contribution)

The difference between sale price and variable costs, contribution margin is the amount available to cover fixed costs first and then provide a profit. Contribution margin can be both expressed in terms of total dollar values and in terms of contribution margin per unit.

Variable costs

Costs which vary directly with production and can include costs for both manufacturing, and selling and administrative activities.

Break-even analysis

The break-even point is the point where there is neither a profit nor a loss from sales. It is the point where all fixed and variable costs are covered and nothing is left for profit. The break-even point can be expressed in terms of units or sales dollars.

Flexible Budgets

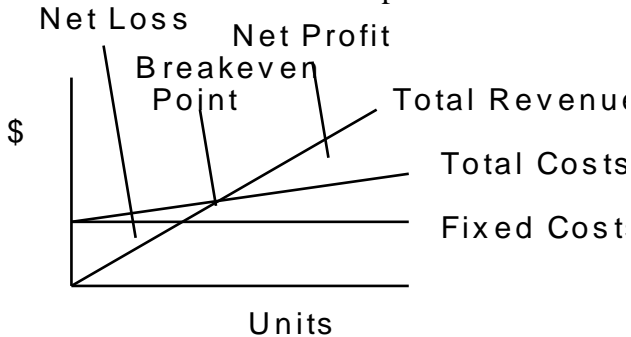
Make performance analysis possible when output deviates from planned levels. The actual volume produced is used for cost analysis in determining the efficiency of

Decision Support

operations. Variable costs are viewed as having a linear relationship with units produced. Fixed costs are considered constant within a relevant range of activity.

Graphic Approach

Illustrates the interrelationships of the revenue and expense data.



Contribution Margin Analysis

The causes of an increase or decrease in the budgeted contribution margin can be isolated by analyzing the variance.

Sales price variance

For each product, equal to the actual minus the standard sales price multiplied by the quantity sold.

Cost variance

For each product, equal to the actual minus the standard cost multiplied by the quantity sold

Quantity variance

For each product, equal to the actual minus the standard contribution margin multiplied by the quantity sold.

Mix Variance

For each product, equal to the actual minus the budgeted quantity sold multiplied by the difference between the budgeted and average contribution margin, where the average contribution margin is the average for all units produced, not only this product.

Investors (That's you)

For these businesses, the investors are mainly the people who own (Or are buying) the business.

Investors—Assuming people invest in these businesses to make the most amount of money with the least amount of risk, the question for these investors: Which business is the best investment? In other words, should they continue to invest in their business or buy another?

Decision Support

Investors— if in business for other reasons (other than profit), incorporate as a non-profit and use your business model to attract others to your purpose.

Investors—when selling your business, use your business model to attract investors and get the right price for your life's work.

Summary: Business Examples – Any Business TeamsWin Information Heavylifting for Any Business

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