**Objectives**

Understand functional structure of medium to large companies.
Understand data flows between organizational areas.
Understand fundamental business functions and processes.
Fundamental purpose of a business

Sustain ongoing business operations by meeting a need of a targeted customer base in a mutually beneficial manner.
Maintaining or enhancing investment of owners.

Subject to the regulation of governmental authority.
Recognizing responsibility to various stakeholders.
Often, having a profit focus.

Functional areas of a business

Marketing and Sales
Supply Chain Management
Accounting and Finance
Human Resources
Administration and IT Support
Research and Development

What does each area do?
Marketing and Sales—common functions

Supply Chain Management—common functions
Accounting and Finance—common functions

Human Resources—common functions
Administration and IT Support—common functions

Research and Development—common functions
Functional Areas of Operation

Functional areas are interdependent.
Better integration of functional areas leads to improvements in communication, workflow, and overall efficiency.

**Information system** (IS): Computers, people, procedures, and software that store, organize, and deliver information.

Business Process

A collection of activities each taking in input and creating output performed by 1 or more functional areas that creates value for a customer.

A distinct method of structuring business processes: **Business Model**.

**Business Model:**

Encompasses what a business is doing, **how**, and **why**.
Business Processes and ERP

Business Processes cut across functional departments and require coordination.

**Enterprise Resource Planning (ERP)** is an effort to establish a highly integrated, cross-functional business structure based on information sharing among various business process participants.

Focus is on maximizing efficiency and use of resources.

In modern organizations likely to be mediated and managed by software—integrated information system.

Isolated Kingdoms
Process Integration

Based on material in Intro to ERP, SAP University Alliances Curriculum

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Process View of Business

Customer Order Process

Sales Function  Accounting Function  Purchasing Function  Production Function  Logistics Function

Material Order Process

Functional Area Information Exchange

Customer  HR  M/S  SCM  A/F

sales orders  order status  sales forecasts and sales orders  product availability data and order status  sales order data

legal requirements and job information  hiring needs and personnel information  cost/profit analysis
Functional Area Information Exchange

Taken from Concepts in Enterprise Resource Planning by Monk and Wagner

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Functional Area Information Exchange

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