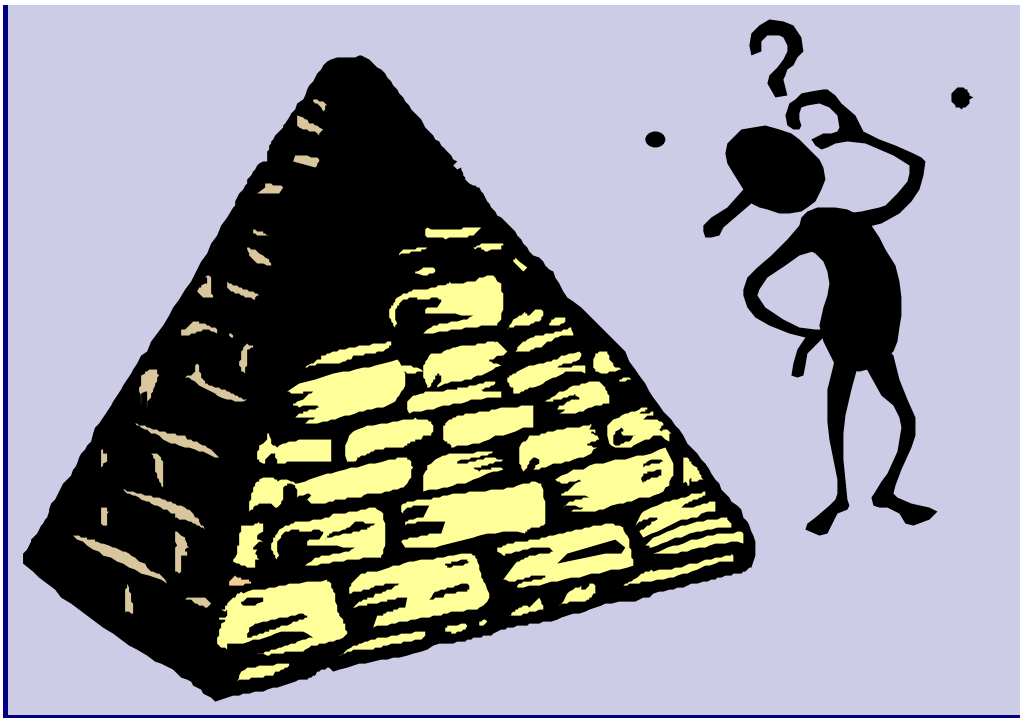


Session 1: Different types of organisation



What type of organisation do you work for?

How does the type of organisation affect what it does and how it does it?

Understanding what type of organisation you work for can help you focus on its goals.

Organisations are simply groups of people working towards the same goals or having the same purpose. This is true whatever type of organisation it is. This session looks at organisations in the public sector, the private sector and the 'not for profit' sector and what their objectives, or goals, are. This helps you understand what the organisation expects from you and your team.

The public sector

Public sector organisations are part of, or owned by, **central, regional or local government**. Central government in the UK is the national government at Westminster. The regional governments are the devolved assemblies in Scotland, Wales and Northern Ireland. Elected members of these bodies decide on their goals - what they want to achieve - and the way they want to achieve them.

Governments employ civil servants to put these decisions into operation. Many of these civil servants work in agencies which provide services, like the health service, prisons and police, social security, environmental protection, the armed forces, etc. The majority of central government employees work in these sort of bodies, supplying services to or for the public.

Local government means the councils that run counties, cities and districts. They organise local services, from roads to schools. They provide some of these services themselves, but many are provided by contractors.

All public sector services should be as well run as any other type of organisation. They should aim to get **value for money**. Value for money means getting the right quality at the lowest price. If public sector organisations cut costs but provide poor services, that isn't value for money. Nor are very expensive services if the quality is higher than people really need. People want good services but they don't want to pay high taxes or charges. Best value means buying goods and services at competitive prices, but not lowering quality standards to do so.

Senior managers and the elected members of councils, assemblies and parliaments have to ensure that they set clear objectives and priorities about the standard of service they should provide for the communities they serve.

Team leaders are responsible for the day to day work of their teams, and they need to understand what these priorities are. They must make sure the team delivers the services to the right quality without wasting resources.

Case Study

Jo works for the social services department of a county council. She leads a team that provides the administrative support for an area team of professional social workers.

Her team receives visitors, types up letters and reports, updates files and maintains records, and organises meetings, including producing agendas, minutes and action plans.

One of Jo's team members, Paul, is organising a meeting with social workers, doctors, nurses, police officers and teach-

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ers. The meeting, which is called a case conference, will look at the case of a child suspected of being abused by his step-father. Paul's job has been to arrange the meeting, make sure all the people who should be there can attend, prepare an agenda for the meeting, and keep a record of the meeting. Should the case ever be taken to court, his record of the meeting may be critical in deciding what happens.

Jo has emphasised to Paul that he needs to be accurate in his notes. He must not be affected by the case which is being discussed. She knows that he has to do his job well to ensure that all the other people in the meeting aren't wasting their time. She also knows that local people want to know that the social services department is working hard to ensure the safety of all the children who live in the area.

Exercise

Do you work for a public sector organisation? If not, choose one that you know (like a local school or hospital).

What do you think the organisation has been set up to achieve? (What is its main goal?)

The private sector

Private sector means that organisations are owned by private individuals, or by other private organisations. There are over 3½ million private sector organisations in the UK. Small businesses – which means businesses employing less than 50 people – account for 99% of all businesses.

The smallest of these are **sole traders**. These are individuals who have set up in business on their own. Although some of them employ other people, most are one-person businesses - the sole trader.

Two or more people who join together to run a business are called **partners**. They are more likely to employ people than a

sole trader is. Partnerships are very common in areas like professional services, where doctors, lawyers, architects and accountants join together to supply a service to the public.

Although there are a lot of sole traders, and quite a lot of partnerships, they don't employ that many people. Most people are employed by **companies**. Smaller companies are called **private limited companies**, and in the UK their names must end in the word *limited* (usually shortened to Ltd.). Larger companies are called **public limited companies** (their names end in Plc.).

Companies are owned by share holders - they own a share in the business. The people who own private limited companies usually still run the business themselves. Shares in larger companies are often owned by pension funds, insurance companies and similar types of organisation and run by a board of directors made up largely of professional managers.

Case Study

Ann and Iain both worked as IT consultants. However, they wanted to start their own Internet business called E-mates Ltd. Ann and Iain have saved some money themselves, but they have to get outside investors to put up the majority of the capital they need. These investors are willing to wait a year or two, but within three years the business must make a profit. This sets a very clear goal for Ann and Iain.

Greg leads one of the teams at E-mates. His team is responsible for sales to potential customers. Although they all know that the company has to be profitable, their immediate goal is to get customers signed up for a free trial.

Greg and his team have been promised a share in the future profits, to encourage them to stay with the company. It also gives them an incentive to develop the business. Greg always reminds his team that their goal is to make sure their customers are very satisfied with the service they receive, and not to make sales at all costs. That way, customers will stay with them. Profits depend on keeping customers, not signing them up for the free trial and then losing them three months later when it's finished.

What are private businesses for?

Private sector businesses like E-mates have to make a **profit**. Profit is the difference between the cost of supplying goods and services and the money earned from selling them. Profits belong to the owners of the business. They are the reward for taking the risk of investing in the business. In practice, most profit is re-invested in the business, to buy new machinery and equipment, buildings or land. Only part is paid out to the owners.

Although they need to make a profit, private sector businesses must also offer the best quality and to use resources efficiently. This is just like public sector organisations. The difference is that if they get it wrong, the effects can be felt very quickly, in falling profits and share prices. This can lead to take-overs, and to business closures.

Many private sector businesses say that their first goal is to satisfy their customers, that way they can be sure of being profitable. Richard Branson, of Virgin, goes further. He says that his goal is to satisfy his staff. If they are happy, they will satisfy their customers and that way they will make profits.

You can see from this, that there are links between these different goals and in practice it is important to do all three:

- ❖ **satisfy your customers**, because dissatisfied customers will go to other suppliers;
- ❖ **satisfy your staff**, because without satisfied staff you will supply poor goods and services and lose customers; and
- ❖ **satisfy your owners** by making profits, because without profits there will be no money to invest and, very quickly, no business.

Exercise

Do you work for a private sector organisation? (If you don't, select a private sector organisation you know.)

- ❖ What kind of organisation is it (*sole trader, partnership, private or public limited company*)?

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- ❖ What do you think its main goal is?

Not for profit organisations

There are some organisations which don't try to make a profit. These are not the same as businesses which try to make profits and fail. They are **not for profit** or **non profit-making** organisations. Some exist to provide services which are paid for by their customers, who share in any surplus that is made. These are called **co-operative** or **mutual** organisations. Building societies and some insurance companies are mutual organisations, as are some clubs and societies. The customers are also members of the mutual society, so they own the business.

Other not for profit organisations are charities (like Oxfam or Christian Aid) or societies (like Rotary or the Women's Institute) which have been set up to achieve specific goals. This can include supplying services, such as running children's homes, researching into cures for diseases, helping to relieve suffering and hunger, or bringing together people for social reasons.

All not for profit organisations need to have clear goals and they have to be concerned about value for money. They must do their best to supply a service or achieve a set of goals as well as they can, without wasting resources in the process.

It doesn't matter what the goals are, the important thing is to achieve them. A charity which feeds starving people must be measured as to how well it achieves this goal with the resources it has available, not how well intentioned the people are who work for it.

Case Study

Elroy works for a charity that organises emergency shelter and medical care for people who have suffered from disasters like earthquakes or floods. He and his team are all volunteers who give up some of their free time to work for the charity.

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Elroy's team receives and sorts material and equipment donated by the public and by businesses, or bought with donations they receive. The team makes up packs ready for despatch.

When emergencies happen, they can airlift in tents, blankets, basic medical supplies and other equipment. It is quite easy to get people to work hard when this happens, and to attract more volunteers. Elroy's hardest job is to make sure that his team members all turn up and work hard when there is no immediate need, because that is when they can get packs ready. He has to remind his team that their goal is to be ready to send aid as soon as it is needed, not a few days later. Being prepared for emergencies makes them able to meet the needs of people who have often lost everything.

Exercise

Do you work in the not for profit sector? (If you don't, select a not for profit sector organisation you know.)

- ❖ What kind of organisation is it (a *mutual organisation*, *co-operative*, *charity* or *society*)?

- ❖ What has the organisation been established for? (What are its goals?)

Your role as a team leader

It's important that you understand what kind of organisation you work for. That way you can understand what it is trying to achieve. Session 4 looks at this in more detail.

An important part of your role as team leader is to focus your team's efforts on achieving the objectives you have agreed. By understanding what kind of organisation you work for makes you better able to do this.

Comprehension Check

Complete the following exercises. Refer back to the session if necessary.

A. List the four main types of private sector businesses.

1. _____
2. _____
3. _____
4. _____

B. List three services supplied by the public sector.

1. _____
2. _____
3. _____

C. Complete each sentence. Circle the letter in front of the answer.

1. A mutual organisation is:
 - a. a business whose shares are owned by insurance and pension companies.
 - b. an organisation which helps other organisations.
 - c. an organisation which is owned by its customers.

2. The success of a charity should be judged by:
 - a. how well it meets its goals.
 - b. how many people it helps.
 - c. how much money it is able to raise in donations.

3. Best value means:
 - a. the lowest cost available.
 - b. the best quality available.
 - c. the right quality at the best price.

Making Connections

Answer the questions following the case.

Philip works for a local council. His team is responsible for ensuring that elderly and infirm people have appropriate help and support at home. This can include doing their shopping, helping people to bathe or get in and out of bed, clean their homes and wash their clothes.

Philip's team doesn't provide these services. The services are provided by organisations which have a contract with the council. Philip's manager has told him that the organisation which currently supplies the service, Help at Home, has lost the contract from next April. The new provider will be PeopleFirst Ltd.

Arlene, a member of Philip's team, says that it is worrying that the service isn't going to be supplied by Help at Home any more as they are a charity and would do a better job. She says PeopleFirst Ltd. is just out to make a quick profit out of people in need.

- 1 Why do you think Arlene feels that way? What is the difference between a charity and a private limited company which could have caused her to make the statement she did?

- 2 If you were Philip, what could you say to her which might change her attitude? Why might PeopleFirst Ltd. be better at supplying the service to their clients?

Think and Apply

How well do you use the skills in this session? Think about your organisation and the other organisations you deal with, both at work and in you private life.

Does the type of organisation affect the service you and other teams supply?

Do you and your team ever discuss why your organisation exists, what it is for? Do you think they understand what type of organisation it is? Is there anything you can do to help them understand?

1. Read the list of skills. Tick the boxes to show your strengths and weaknesses.

<i>Skills</i>	<i>strengths <- - - > weaknesses</i>			
	I'm good at this	I'm quite good at	I'm not so good at this	I'm quite poor at
❖ recognising the difference between public, private and not for profit organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
❖ describing the different types of private sector organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
❖ explaining why different types of organisation exist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Do you want to improve any of these skills?

3. How do you plan to improve the skills you listed in question 2? (You might want to discuss this with your line manager or your tutor/mentor/coach.)