



**Module:** English

**Branch:** Finance and International Trade

**Level:** Third year Bachelor

## **Lecture 04: Company types and structures**

### **1- Definition**

A company is a legal entity formed by a group of individuals to engage in and operate a business enterprise in a commercial or industrial capacity.

### **2- Types of company**

Here is a simplified list of the different types of legal structures for a business.

- *Sole trader (BrE)/Sole proprietor (AmE)*. This is a oneperson business. The person may describe themselves as ‘self-employed’ (eg the owner of a small shop), or as a ‘freelancer’ if they are a professional who works for different clients (eg a photographer).
- *Partnership*. A group of people who work together as equals (eg a firm of lawyers or architects). They share the risks and the profits.
- *Private company*. The shares of the company are privately owned, usually by a small number of people. These shareholders typically include the founder of the company, possibly some close family members, and perhaps a few business associates who provided money for the company.
- *Public company (BrE)/Corporation (AmE)*. These are the large companies that are listed on stock exchanges like Germany’s DAX, France’s CAC or the UK’s FTSE. They are called public because anyone can buy their shares. Note: do not confuse a state-owned enterprise with a public company.

### **3- Departments**

The list of departments below is typical for many business – each one corresponds to a business function. Companies also have other departments related to their own particular business activity.

- *Production* might also include *Purchasing* and *Quality Assurance (QA)*.
- *Operations* refers to all the internal processes of a company and might include, for example, *Logistics*.
- *Sales* might also include *Business Development*.
- *Customer Services* might include *Technical Support*.
- *Marketing* might include *Market Research*.

- *Communications* refers to all promotional activities including a strong focus on *Public Relations (PR)*.
- *Finance* has many subdivisions, such as *Financial Control, Treasury, Accounts and Payroll* (= managing salary payments).
- *Human Resources (HR)*.
- *Information Technology (IT)*.
- *Research and Development (R&D)*.
- *Legal*.

As well as departments, an international company may also have divisions organized according to geographical area or major product lines.

#### **4- Individuals within the structure**

The Chief Executive Officer (CEO) runs the company.

The level below CEO is Chief ... Officer, for example Chief Financial Officer (CFO).

*The CFO is part of the senior management team.*

*The CFO reports to the CEO* (= has the CEO as their boss).

*The CFO is in charge of* (= responsible for) *all the financial side of the business.*

The next level down might be country level for a large international organization, or departmental level. A job

title here might be Sales Director or Head of Sales or VP (= Vice President) Sales.

*The Sales Director for Sweden liaises closely with* (= talks to in order to work better with) *the Chief Marketing Officer at Head Office in the States.*

Below this are people with job titles like *Manager,*

*Officer, Coordinator,* etc. The words *Assistant* or *Deputy* may also occur at any level.

*I'm the Business Development Officer for Sweden.*

*My line manager* (= person directly above me/person who I report to) *is the Sales Director.*

*The Sales Director delegates* (= gives) *a lot of the work to me.*

We say ...

*senior people at a higher level*

*junior people at a lower level*

#### **5- Company culture**

The structure of a company is often closely connected to its culture. In a small company it's easier to be dynamic and innovative, whereas in a large company things are often slow-moving and bureaucratic. Similarly, if the company is hierarchical (many levels), then people at the bottom aren't allowed to take initiatives without permission from their seniors; decision-making and communication are top-down.

If the structure is flat (few levels), then the flow of information can be more bottom-up.

In all cases you hope that the company culture is honest, open and transparent (= not trying to keep things secret).