

Professional Practices

HU-511(BSCS), HU-601(BSIT)

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Lecture 5(week 11 & 12)

Lecture # 5

The Structure of Organizations & Anatomy of a Software House

Contents

- Organization
- Legal Forms of Organizations
 - Sole proprietorship
 - Partnership
 - corporation
- Companies
 - Constitution of a company
 - Directors and company secretary
 - Disclosure requirements
 - Corporate governance

Organization

“An organized group of people with a particular purpose, such as a business or government department”

Organization

- It is impossible to live in a civilized society without close contact with many large organizations such as
 - Schools
 - Universities
 - Government departments
 - Health service
 - Commercial and industrial companies

Legal Form of Organization

- Fundamentally the law recognizes individuals that is the individuals has a legal existence.
- They can
 - enter into the contracts which can be enforced by the courts
 - Sued for damages
 - Give evidences...

Legal Form of Organization

- Organizations should also be given legal existence separate from that of its proprietors....and that is done through a process known as *"Incorporation"*.
- After adopting any specific legal configuration, organizations take different legal forms.
- Four basic legal forms of organization are **Sole Proprietorship; Partnerships, Corporations and company.**

Legal Form of Organization

- **Sole Proprietorship**

- The vast majority of small businesses start out as sole proprietorships.
- These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business.
- Sole proprietorships own all the assets of the business and the profits generated by it.
- They also assume complete responsibility for any of its liabilities or debts.
- In the eyes of the law and the public, you are one in the same with the business.

- Freelancer, tutor etc

Legal Form of Organization

- **Partnerships**

- In a Partnership, two or more people share ownership of a single business.
- Like proprietorships, the law does not distinguish between the business and its owners.
- The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership or what steps will be taken to dissolve the partnership when needed.
- They also must decide up front how much **time** and **capital** each will contribute, etc.
- Airbnb, nokia-siemens

Legal Form of Organization

- **Corporations**

- A Corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it.
- A Corporation can be taxed; it can be sued; it can enter into contractual agreements.
- The owners of a corporation are its shareholders.
- The shareholders elect a board of directors to oversee the major policies and decisions.
- The corporation has a life of its own and does not dissolve when ownership changes.
- Pakistan petroleum, Engro corporation, Attock cement

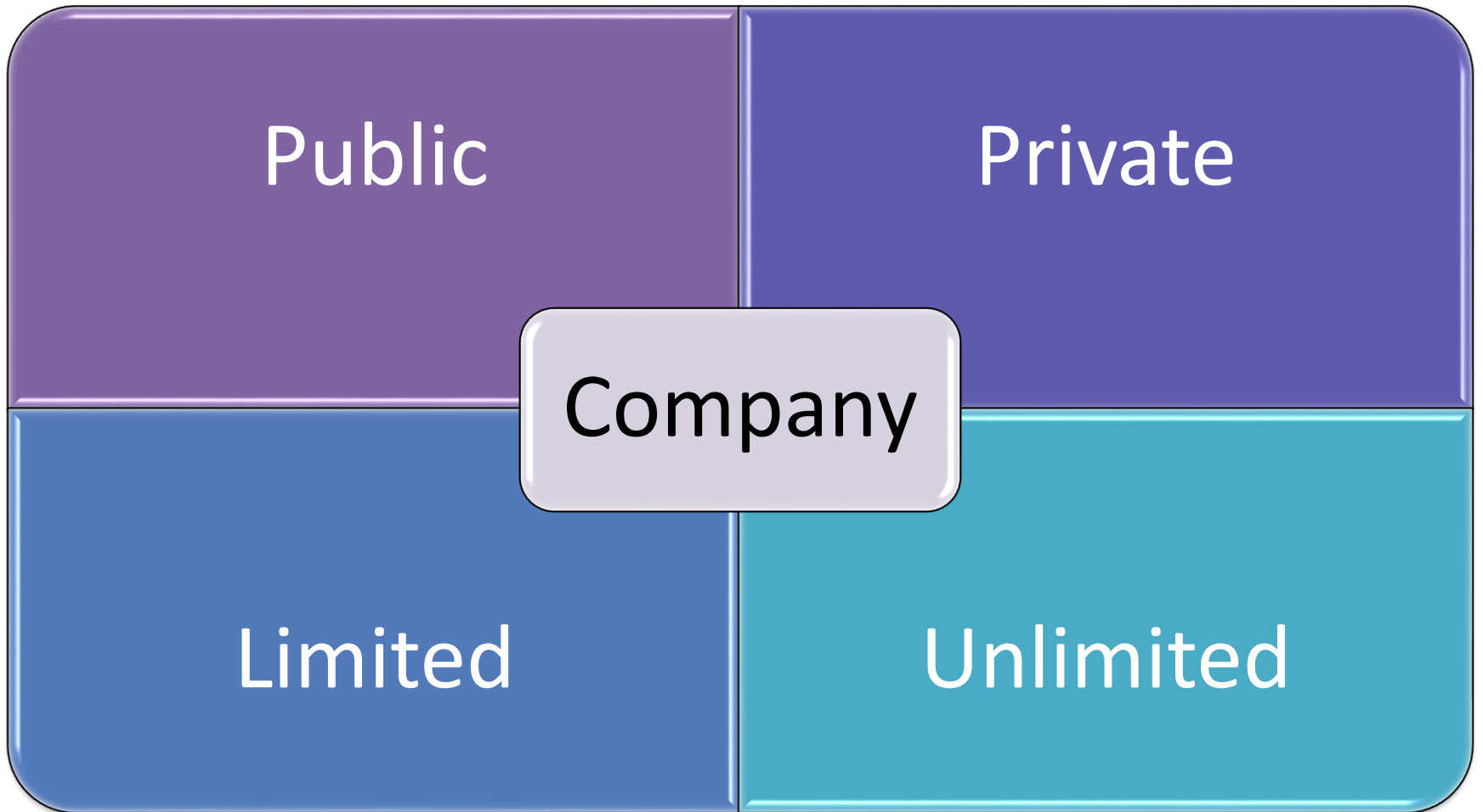
Companies

- A company is a legal entity made up of an association of people.
- Company members share a common purpose, and unite in order to focus their various talents and organize their collectively available skills or resources to achieve specific, declared goals.
- A corporation is owned by shareholders who hold shares in the company, while a company is typically owned by individuals or partners. **A corporation is always a company**, but not all companies are corporations. The term company can refer to many different business structures
- A company's business line depends on its structure, which can range from a partnership to a proprietorship, or even a corporation
- Walmart, Chief burger

Companies

- The essence of a company is that it enjoys an independent existence as a legal person.
- Ownership of the company is divided into a number of shares.
- An individual or another company may own one or more shares.
- Individuals who own shares in a company are known as the shareholders or members of the company.

Companies



Companies

- **Public** companies are allowed to offer their share to the public and their names must end with the word “Public limited company”.
- A public company has a minimum paid up capital of Rs. 5 lacs.
- There is no limit for the number of members.
- Apple, Microsoft, Pak Datacom Limited

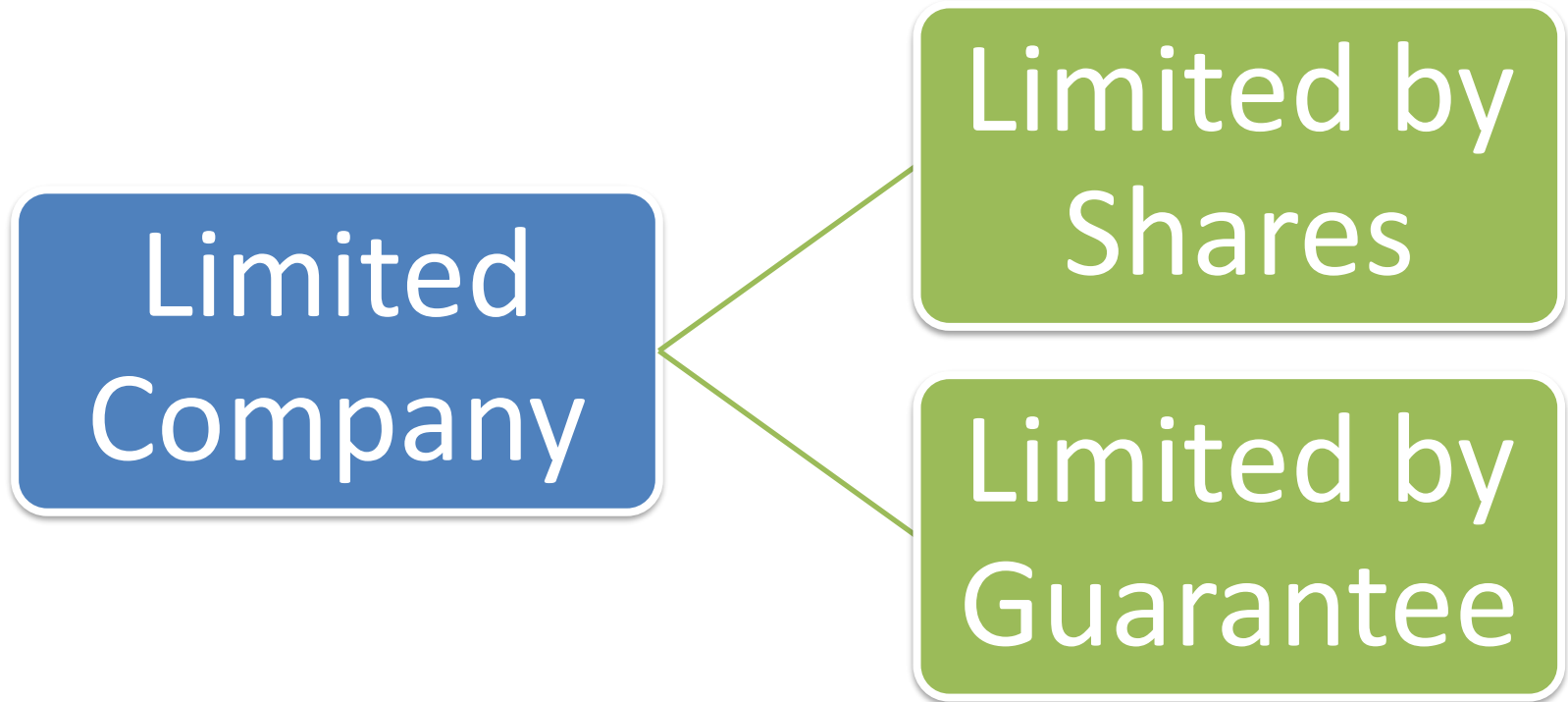
Companies

- A ***private*** company cannot offer its shares to the public and its name must end with the word “limited”.
- It has a minimum paid up capital of Rs. 1 lakh.
- It has limited members up to 200.
- It prohibits any invitation from public for subscription to shares and any acceptance of deposits from persons other than members or directors.
- Hairdresser, bakery etc

Companies

- In an *unlimited company*, the shareholders are personally **liable** for all the company's debts.
- The shareholders (or members) of this type of company have unlimited liability.
- This means each member is jointly and severally liable for the debts of the company in the event of its winding-up.

Companies



Companies

- **Company limited by Guarantee:**

- Commonly used where companies are formed for non-commercial purposes, such as professional bodies or charities.
- The members guarantee the payment of certain fixed, usually small amount towards the company's debts if the company wound up
- Otherwise they have no economic rights in relation to the company.

Companies

- **Company limited by Shares**

- It is the most common form of company used for business ventures.
- Specifically, a limited company is a company in which the liability of each shareholder is limited to the amount individually invested
- Corporations are the most common example of a limited company.

Companies

Companies

Constitution
of a Company

Directors and
the Company
Secretary

Disclosure
Requirements

Corporate
Governance

Constitution of a Company

- All companies must have a written constitution, which consists of two documents
 - *Memorandum of association*....which controls its external relations
 - *Articles of association*.... which states how internal affairs are to be run.

Directors and the Company Secretary

- Directors are elected by shareholders to run the company on their behalf.
- They have considerable powers and in a large company with many shareholders, the effective democratic control is very weak.

Directors and the Company Secretary

- A company is required to have a ***company secretary*** whose duty is to keep various records that a company is obliged to maintain.
- Because of the technical expertise required, small companies often appoint an outside professional advisor as a company secretary.

Disclosure Requirements

- The limited companies are required to disclose information about their operations.
- All limited companies must submit an annual return and copies of their accounts to the registrar of companies.

Corporate governance

“Relationship between stakeholders in companies and its most senior management is known as corporate governance”

Anatomy of Software Houses

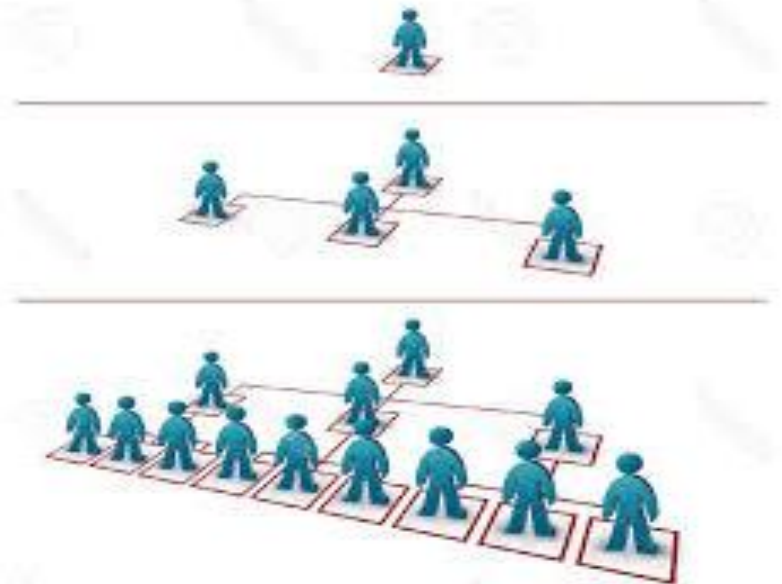
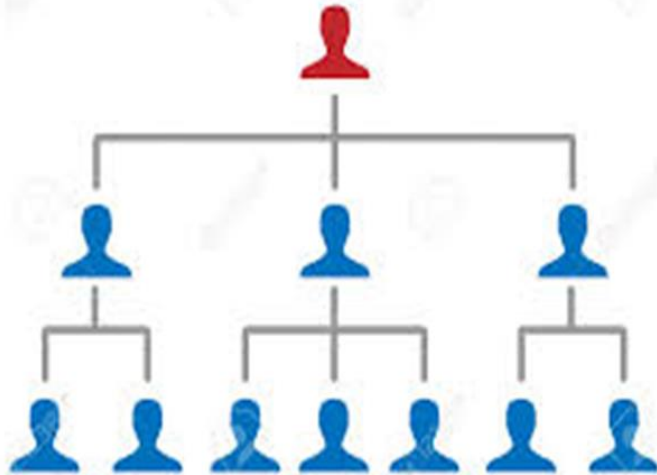
Contents

- Anatomy
- Software house
- Anatomy of a typical software house
- Example

Anatomy

- Anatomy is study of
 - Structure
 - Organization
 - Internal working
 - Hierarchy chart

Anatomy may look like



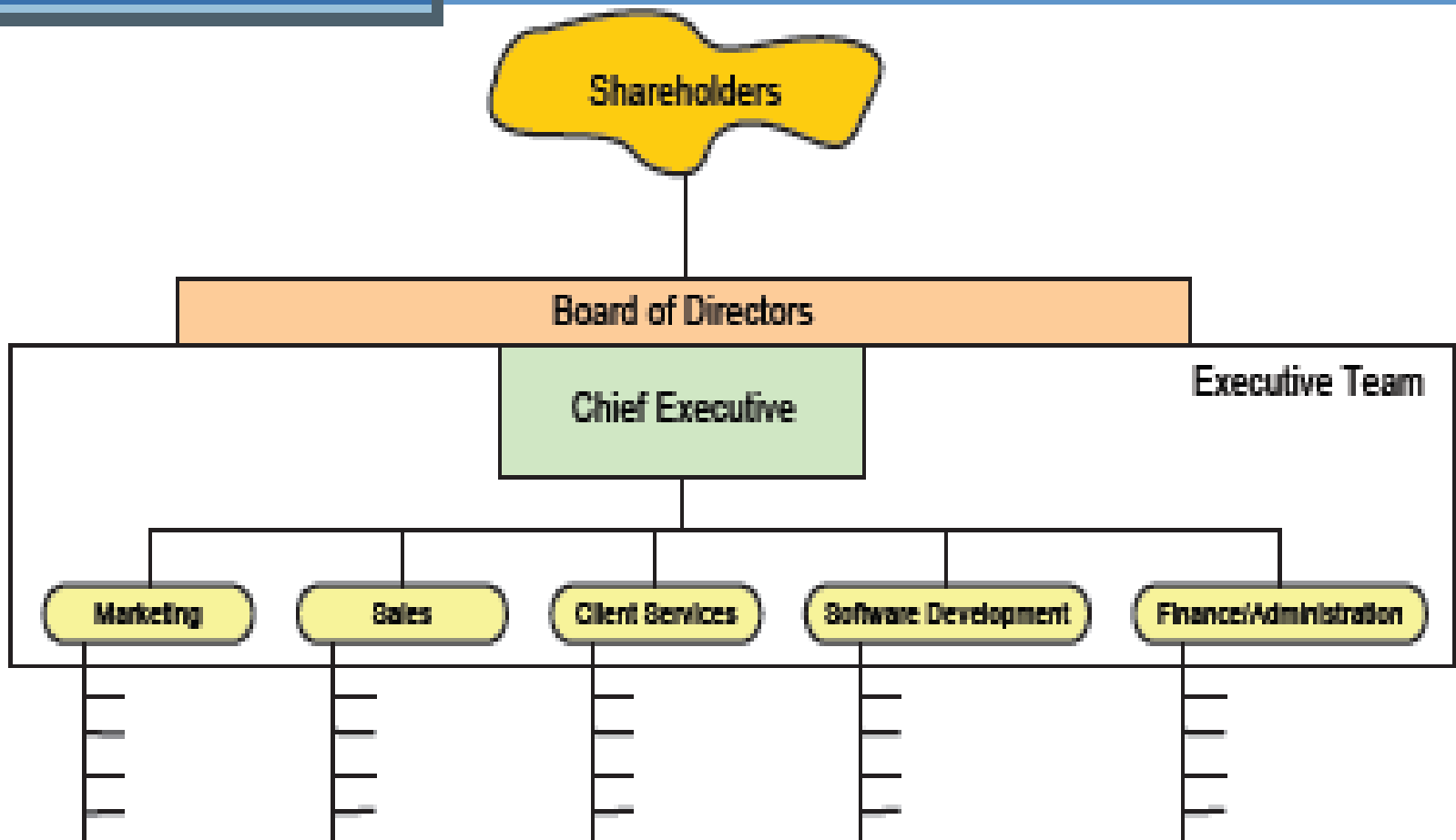
Or like this... There are teams out there!



Software House

“A software house is a company that primarily provides software products. These companies may specialize in business or consumer software or software-as-a-service (SaaS) products. The common definition is that the company is mainly interested in developing and distributing software products”

Anatomy of a software House



Shareholders

- Owners of the company
- Elect the board of directors
- Vote on issues
- Same for private and public companies
- Anyone affected by company

Board of Directors

- Represent shareholders interests
- governing the organization by establishing broad policies and setting out strategic objectives
- selecting, appointing, supporting and reviewing the performance of the chief executive Officer
- terminating the chief executive Officer

Board of Directors

- Ensure the availability of adequate financial resources
- Approve annual budgets
- Accountable to the stakeholders for the organization's performance
- Set the salaries, compensation and benefits of senior management

Chief Executive Officer

- Appointed by the board of directors
- Communicate, on behalf of the company, with shareholders, government entities, and the public
- Lead the development of the company's short- and long-term strategy
- Create and implement the company or organization's vision and mission
- Evaluate the work of other executive leaders within the company.

Executive Team

- Vp & c- level officers (chief)
- Managed by CEO
- In charge of day to day functional areas
- Meet regularly to coordinate strategy, budget etc
- Manage the Group's business as a whole
- Have extensive authorities within their individual areas of **responsibility** and have the duty to develop the company's operations in line with the targets set by the Board of Directors and the CEO.

Marketing

- Create awareness of and develop the brand you're marketing
- Communicate with target audiences and build and develop customer relationships
- Help with marketing plans, advertising, direct marketing and campaigns

Sales

- Conduct market research to identify selling possibilities and evaluate customer needs
- Actively seek out new sales opportunities through cold calling, networking and social media
- Set up meetings with potential clients and listen to their wishes and concerns
- Ensure the availability of stock for sales

Client Services

- Develop and maintain existing client relationships.
- Interact and correspond with prospective clients.
- Identify, develop and maintain relations with potential clients to drive billed revenue for attaining set revenue targets.
- Develop and execute yearly formal business plan for assigned territory.

Software Development

- Develop, manage and prepare best software development team.
- Guide, coach and mentor software development engineers.
- Provide project management and technical leadership for every aspect of software.
- Prepare lifecycle for different projects inclusive of research, design, development, evaluation, testing along with delivery.

Software Development

- Supervise architecture plus lead efforts to develop technical roadmap of all projects.
- Establish and stimulate software development standards and processes along with best practices for delivery of scalable and high quality software.
- Perform closely with Engineers, Developers and Product Management throughout organization to influence product development assisting or improving products.

Finance and Admin

- Overall responsibility for all aspects of financial management and control.
- Effective financial reporting in a timely, accurate, relevant and informative manner.
- General administration duties.

MindMill Software Ltd.(Established 1993)

An Indian Software House

BESPOKE APPLICATION DEVELOPMENT

BANKING AND ERP PRODUCTS

INVOICE MATCHING SERVICES

LIBRARY AND DOCUMENT MANAGEMENT SOLUTIONS

INSTITUTE MANAGEMNT SYSTEMS

CONSULTING SERVICES

MANAGED CLINET SERVICES

Let's focus anatomy of bespoke application development section

