

Business Documents

HOW ARE DOCUMENTS used at school? You are given documents with instructions for completing assignments. You read documents as you study and learn new information. You create documents when you take notes. You create assignment papers and computer file documents to turn in for grading. You receive a report card at the end of each quarter or semester that documents how you did. This lesson looks at how businesses typically use documents.



Objective:



This lesson defines the term document and explains examples of purposefully formatted documents used in businesses.

Key Terms:



agendas	financial documents	marketing and sales documents
conventional formatting	formatting	documents
document (noun)	legal documents	template
documenting (verb)	operational documents	

Business Documents and the Importance of Formatting

This lesson begins by exploring definitions of “document”. It then reviews how documents are used in different ways in business. The lesson emphasizes the various functions of documents and the importance of the proper formatting of business documents.

DEFINING THE TERM “DOCUMENT”

Definitions of “Document”

The term “document” is defined as a noun and as a verb in dictionaries such as Merriam Webster and Dictionary.com. The noun definitions are as follows: “an original or official paper relied on as the basis, proof, or support of something; something that serves as evidence or proof; a written or printed paper furnishing information or evidence, as a passport, deed, bill of sale; a legal or official paper.” The noun term is also defined as a digital computer file. The term “document” as a verb is defined as follows: “to furnish with documents, to furnish with references, citations, etc., in support of statements made. To furnish documentary evidence of.”

In this lesson, all of these definitions are important. Documents as a noun refer to the physical papers used by businesses in many different areas of the business such as legal documents, documents that help manage the company’s work, documents that manage the budget, and documents that help with marketing and sales. Documents as a verb is also important. The company saves their records in order to prove that they have fulfilled legal obligations, to provide evidence of how they are operating, to show how they have brought money in and sent money out of the business, and to archive different marketing and sales campaigns. Documents are increasingly kept in digital formats as well. Many documents are electronic and not hardcopy. So, in addition to being a noun and a verb, document refers to both electronic/digital and hardcopy paper. All of this information about the term “document” is important to keep in mind. **Document (noun)** refers to the papers or digital files that are printed, exchanged, and used by companies as a part of doing business. **Documenting (verb)** refers to the act of saving and storing information that shows evidence of business transactions and activities. Following are examples of types of documents and documenting related to businesses.

DIFFERENT USES OF DOCUMENTS IN BUSINESSES

Legal Documents

Legal documents are documents that articulate terms for how a business has agreed to work with someone or some other organization. Types of legal documents include contracts, service agreements, and sales receipts. Contracts define work that is agreed upon in exchange for compensation. The business may be completing the work for someone else as a service, or someone else may be completing work for the business. Either way, a documented contract provides the legal terms for what work needs to be completed and how the payment will be made. Service agreements are documents that define what services are being provided by a service company and what the customer is entitled to. Cable and internet providers typically create service agreements for providing television channels and internet access to residential homes, for example. The service contract defines which channels, how fast the internet connection will be, leasing of equipment, and how long the customer must pay the monthly fee.

Sales receipts are considered a legal document that shows a transaction occurred between a business and a customer.

Operational Documents

Operational documents

are documents that articulate necessary information and explain how work is to be completed.

Examples of operational documents include procedure manuals, technical manuals, project templates, training, and regulatory information. Procedure manuals explain how to do certain things at work, as well as safety information. Examples of documented procedures include how to exchange or give refund for merchandise purchased at a store, how to take inventory, and how to exit the building in case of a fire. There are many different procedures as you can imagine. Examples of documented technical manuals include providing information for running or fixing machinery in a factory, and using computer hardware, periphery devices, and software in an office. Project templates are used to define and manage work projects. These documents articulate what tasks are done, who does them, what resources are needed, and due dates. A Gantt chart is formatted the same for all projects. Gantt charts are formatted to give a quick visual view of project tasks and due dates.

Training documents are typically used to teach new employees what they need to know to do their job. Training documents also are created to teach employees new information at the time it becomes operational for the business. Regulatory documents tell organizations how outside regulators like the government expect the business to operate. Regulatory documentation overlaps with legal documents. For example, regulatory documents may tell a manufacturer how much carbon waste they are allowed to produce and the consequences if they go over that amount. The business would understand these expectations through regulatory documents provided by the government or a consultant.



FIGURE 1. Service agreements are documents that define what services are being provided by a service company and what the customer is entitled to.



FIGURE 2. Project management Gantt chart.

Marketing and Sales

Marketing and sales documents are documents that refer to information that is shared with customers as goods and services are advertised and sold to customers. Examples include marketing plans, sales brochures, and receipts. Marketing plans are part of the business plan and focus on how the business will advertise and sell to customers. Sales brochures explain to customers why they should buy something from the business. Receipts, as you have seen in the legal section already, document when a sale has happened. Customers often need to present the receipt as proof of purchase in order to give refunds, exchanges, or credit to the customer.

EXAMPLES OF PURPOSEFULLY FORMATTED BUSINESS DOCUMENTS

Formatting is setting up documents to be printed, presented or stored in a particular arrangement. As documents are created, there are formatting rules and conventions to follow. **Conventional formatting** refers to the commonly accepted guidelines or rules that business professionals follow for creating documents.

Templates are documents that have conventional formatting already designed, but have no content entered into the document. Many of the examples of documents are formatted by special software or by equipment. For example, there are many business plan and marketing plan software products that format a business plan automatically. There are services and software that offer pre-formatted contracts and agreements and legal documents that a business can



FIGURE 4. Example of a brochure template.

use. Sales receipts are typically printed by the cash register equipment. Therefore, many documents are already formatted by equipment, templates, and software.

On the other hand, many documents are created by business employees and formatted using conventional formatting rules and guidelines. This lesson will now present types of business documents that use conventional formatting. In other lessons in this library, you will learn more about the specific rules for formatting the following documents. Here, you will read an overview of the documents.

Memos

The term memo is short for memorandum. A memo is a short message or report used internally at businesses for operations and information sharing.

Business Letters and Envelopes

Business letters and envelopes are used normally with external customers or partnering organizations or community members. Business letters and envelopes often contain the company logo. There are different types of formatted business letters such as block style, modified block style, or simplified block style. Conventional business letter and envelop formatting is usually followed by businesses in order to maintain professional credibility.

Agendas and Minutes

Agendas are documents that communicate the topics that will be covered in upcoming meetings. Minutes document the items discussed and decisions made at meetings. Formatting agendas and minutes are decided by companies since these documents are typically internal. A business can decide to use templates for agendas and minutes.

Business Reports

Business reports include many of the documents discussed earlier in this lesson. Annual reports, balance sheets, income statements, cash flow statements, and shareholder equity statements usually follow the same formatting rules in order to maintain financial literacy across many businesses. It is easier for financial professionals, investors, and other stakeholders to read reports that are consistently formatted.

Summary:



Document (noun) refers to the papers or digital files that are printed, exchanged, and used by companies as a part of doing business. Documenting (verb) refers to the act of saving and storing information that shows evidence of business transactions and activities. Different types of documents include legal, operational, financial, marketing, and sales. Formatting is setting up documents to be printed, presented or stored in a particular arrangement. As documents are created, there are formatting rules and conventions to follow. Conventional formatting refers to the commonly accepted guidelines or rules that business professionals follow for creating documents. Templates are documents that have conventional formatting already designed, but have no content entered into the document. Many business documents are formatted by special software or by equipment. However, many business documents are formatted by employees using conventional formatting. Examples of purposefully formatted documents include the following: memos, business letters and envelopes, agendas and minutes, and business reports.

Checking Your Knowledge:



1. What is the noun definition of document?
2. What is the verb definition of document?
3. What does a service agreement document?
4. What are three examples of financial documents?
5. What are templates and how do they help with formatting?

Expanding Your Knowledge:



Expand your knowledge of financial statements. Research the following kinds of statements to find out what information they should contain. Income statements, Balance Sheets, Cash Flow Statements. Use search terms such as “what information should an income statement contain?” Find examples of these statements and learn how the information is arranged on the page. Where is the text placed? Where are the numbers placed? Are there any other formatting conventions you can detect on these kinds of statements?

Web Links:



Contract Templates

<https://www.docsketch.com/contracts/>

Business Letters

<https://writingcenter.unc.edu/tips-and-tools/business-letters/>

Business Letter Formatting

<https://www.thebalancesmb.com/the-proper-business-letter-format-2951431>

Business Plan Software

<https://www.pcmag.com/roundup/338399/the-best-business-plan-software>