

UNIT I:

COMMUNICATIONS – MEANING AND OBJECTIVES – COMMUNICATION CYCLE – PRINCIPLES – TYPES – MEDIA – BARRIERS TO COMMUNICATION.

COMMUNICATIONS:

Meaning:

The exchange of information or passing of information, ideas or thought from one person to the other or from one end to the other is communication.

Definition:

Newman and summer defined communication as “an exchange of facts, ideas, opinions or emotions by two or more persons.”

Communication is the process of passing information from one person to another. The purpose of communication understands of information.

Communication thus helps understand people better removing misunderstanding and creating clarity of thoughts and expression. It also educates people. The communication may be written or oral, formal, informal, and upward, downward, horizontal, diagonal, interpersonal, intrapersonal, interdepartmental, intra-organisational.

OBJECTIVES OF COMMUNICATIONS

1. STRONGER DECISION MAKING

Your ability to communicate effectively increases productivity, both yours and your organization.

2. INCREASED PRODUCTIVITY

With good communication skills, you can anticipate problems, make decisions, co-ordinate workflow, supervise others, develop relationships and promote products and services.

3. STEADIER WORKFLOW

Communication acts as tool for the effective work-related flow of information.

4. STRONG BUSINESS RELATIONSHIPS & ENHANCED PROFESSIONAL IMAGE

You can shape the impressions you and your company make on colleagues, employees, supervisors, investors, and customers in addition to perceiving and responding to the needs of these stakeholders (the various group you interact with) without effective communication, people misunderstand each other and misinterpret information. Ideas misfire or fail to gain attention and people and companies flounder.

5. CLEARER PROMOTIONAL MATERIALS

Your organizations need for effective reach of company name and public promotions are based on effective promotional material such as advertisements, billboards, online add, posters etc are all communicated for effective message delivery and meaning.

6. PROVIDE ADVICE

Giving advice is based on individual-oriented and work-oriented, advice should not be given to the person for pinpointing his mistakes rather it should be helpful for his improvement. Effective advice promotes understanding and it can be a two-way process if the subordinate staff given freedom.

7. PROVIDE ORDER

Order is an authoritative communication pattern and it is directive to somebody always a subordinate to do something. Orders will be written and oral orders, general and specific orders, procedural and operational orders, mandatory and discretionary order. Order should be clear and complete; execution should be possible and given in a friendly way.

8.SUGGESTION

Suggestion is supposed to be very mild and subtle form of communication. Suggestions are welcomed for it is not obligatory to accept them, it can be voluntary and anonymous and submitted through suggestion boxes.

9. PERSUASION

Persuasion may be defined as an effort 'to influence the attitudes, feelings, or beliefs of others, or to influence actions based on those attitudes, feelings , or beliefs. Persuasion can be done to others if you are convinced, you do not impose, you are not rigid are prepared to meet half-way and you can look at the situation from the other person's angle also.

10. EDUCATION

Education is a very conscious process of communication; it involves both teaching and learning by which organizations provide to their employees in

the form of training. Education is given for management, employees and outside public.

11. WARNING

If the employees do not abide by the norms of the organization warning is a power communication tool and it can be general and specific. Specific warning should be administered in private and after thorough investigation. The aim of the warning should be the organization betterment.

12. RAISING MORALE AND MOTIVATION

Morale stands for mental health and it is a sum of several qualities like courage, resolution, confidence. High morale and effective performance go hand to hand. Motivation is a process that account for an individual intensity, direction, and persistence of effort towards attaining a goal.

13. TO GIVE AND RECEIVE INFORMATION

Communication's main idea is to give and receive information because managers need complete, accurate and precise information to plan and organize employee need it to translate planning into reality. Information will cover all aspects of the business.

14. TO PROVIDE COUNSELLING

Counselling is given to solve employees mental stress and improve the employee's productivity.

15. TO IMPROVE DISCIPLINE

Finally, discipline is the foremost part of any business communication. The various disciplinary codes are effectively communicated to employees through disciplinary codes.

COMMUNICATION CYCLE

The Communication Cycle The communication cycle consists of five elements as shown in the following diagram:



1. Sender

The sender is the individual who wishes to communicate a message. To send effective messages, it is important to have:

- A knowledge of the audience for that particular message. Failure to understand the audience will result in delivering messages that can be misunderstood.
- A clear idea of the purpose of the message, i.e. what they wish the receiver to do with the information contained in the message.

2. Message

The message is the information the sender wishes the audience to receive and understand. The message is encoded by the sender, i.e. the sender chooses the words and medium that suit the message they wish to convey. Written, oral and nonverbal communications are all affected by individual communication styles such as the sender's tone, the way they present the message, what information is contained in the communication and what has been omitted.

3. Transmission and noise

The transmission of the message is the actual process of sending it. This could be done via various verbal and written communication channels; for example, email, letters, text, reports, face-to-face, telephone and videoconferencing. It is important to transmit the message clearly and at an appropriate time, considering any distractions that could make communication difficult.

Noise is one such distraction. This is anything that could interfere with the transmission of the message. This can include physical noise such as buzzing on a telephone line or a mobile phone reception breaking up, to more personal noise such as an individual's accent, personal experience, feelings,

culture, level of education, etc. which can all interfere with how the message is perceived.

4. Receiver

The receiver tries to interpret the message by decoding the words and symbols used. However, the receiver will also take into account their own previous experience, emotions, ideas and beliefs when trying to make sense of the message.

5. Feedback

The receiver feeds back their understanding of the message to the sender, to make sure that the message they received was the same message as the sender intended. This feedback can be a verbal or non-verbal response, for example saying yes or nodding the head.

PRINCIPLES OF COMMUNICATION

Lack of effective communication renders an organisation handicapped. So, to have effective communication certain principles are to be followed.

They are as follows:

1. Clarity:

The principle of clarity means the communicator should use such a language which is easy to understand. The message must be understood by the receiver. The words used should be simple and unambiguous. The language should not create any confusion or misunderstanding. Language is the medium of communication; hence it should be clear and understandable.

2. Adequacy and Consistency:

The communicator must carefully take into account that the information to be communicated should be complete and adequate in all respect. Inadequate and incomplete message creates confusion and delays the action to be taken. The adequate information must be consistent with the organizational objectives, plans, policies and procedures. The message which is inconsistent may play havoc and distort the corporate interests.

3. Integration:

The principle of integration portrays that through communication the efforts of human resources of the organisation should be integrated towards achievement of corporate objectives. The very aim of communication is to achieve the set target. The communication should aim at coordinating the activities of the people at work to attain the corporate goals.

4. Economy:

The unnecessary use of communication system will add to cost. The system of communication must be used efficiently, timely i.e. at the appropriate time and when it is necessary. The economy in use of communication system can be achieved in this way.

5. Feedback:

The purpose of communication will be defeated if feedback is not taken from the receiver. The confirmation of the receipt of the message in its right perspective from its receiver fulfills the object of communication. The feedback is essential only in case of written communication and messages sent through messengers. In case of oral type of communication, the feedback is immediately known.

6. Need for Communication Network:

The route through which the communication passes from sender or communicator to its receiver or communicate refers to communication network. For effective communication this network is essential. The managerial effectiveness will also depend upon the availability of adequate network.

7. Attention:

The message communicated must draw the attention of the receiver staff and ensure action from him in the right perspective. The efficient, sincere and prompt manager succeeds in drawing the attention of his subordinates to what he is conveying.

It is the psychology of the people that they watch their superiors closely and then respond to their orders or instructions. Lazy and insincere superiors fail to garner support for themselves and their instructions usually are not taken seriously by their subordinates. Adhering to the above principles shall make communication effective, minimize the human relations problems and increase the overall efficiency.

TYPES OF COMMUNICATION

1. Formal Communication

Formal communications are the one which flows through the official channels designed in the organizational chart. It may take place between a superior and a subordinate, a subordinate and a superior or among the same cadre employees or managers. These communications can be oral or in writing and are generally recorded and filed in the office.

Formal communication may be further classified as Vertical communication and Horizontal communication.

Vertical Communication

Vertical communications as the name suggests flows vertically upwards or downwards through formal channels. Upward communication refers to the flow of communication from a subordinate to a superior whereas downward communication flows from a superior to a subordinate.

Application for grant of leave, submission of a progress report, request for loans etc. are some of the examples of upward communication. Sending notice to employees to attend a meeting, delegating work to the subordinates, informing them about the company policies, etc. are some examples of downward communication.

Horizontal Communication

Horizontal or lateral communication takes place between one division and another. For example, a production manager may contact the finance manager to discuss the delivery of raw material or its purchase.

Types of communication networks in formal communication:

- **Single chain:** In this type of network communications flows from every superior to his subordinate through a single chain.
- **Wheel:** In this network, all subordinates under one superior communicate through him only. They are not allowed to talk among themselves.
- **Circular:** In this type of network, the communication moves in a circle. Each person is able to communicate with his adjoining two persons only.
- **Free flow:** In this network, each person can communicate with any other person freely. There is no restriction.
- **Inverted V:** In this type of network, a subordinate is allowed to communicate with his immediate superior as well as his superior's superior also. However, in the latter case, only ordained communication takes place.

2. Informal Communication

Any communication that takes place without following the formal channels of communication is said to be informal communication. The Informal communication is often referred to as the 'grapevine' as it spreads throughout the organization and in all directions without any regard to the levels of authority.

The informal communication spreads rapidly, often get distorted and it is very difficult to detect the source of such communication. It also leads to rumours which are not true. People's behaviour is often affected by the rumours and informal discussions which sometimes may hamper the work environment.

However, sometimes these channels may be helpful as they carry information rapidly and, therefore, may be useful to the manager at times. Informal channels are also used by the managers to transmit information in order to know the reactions of his/her subordinates.

Types of Grapevine network:

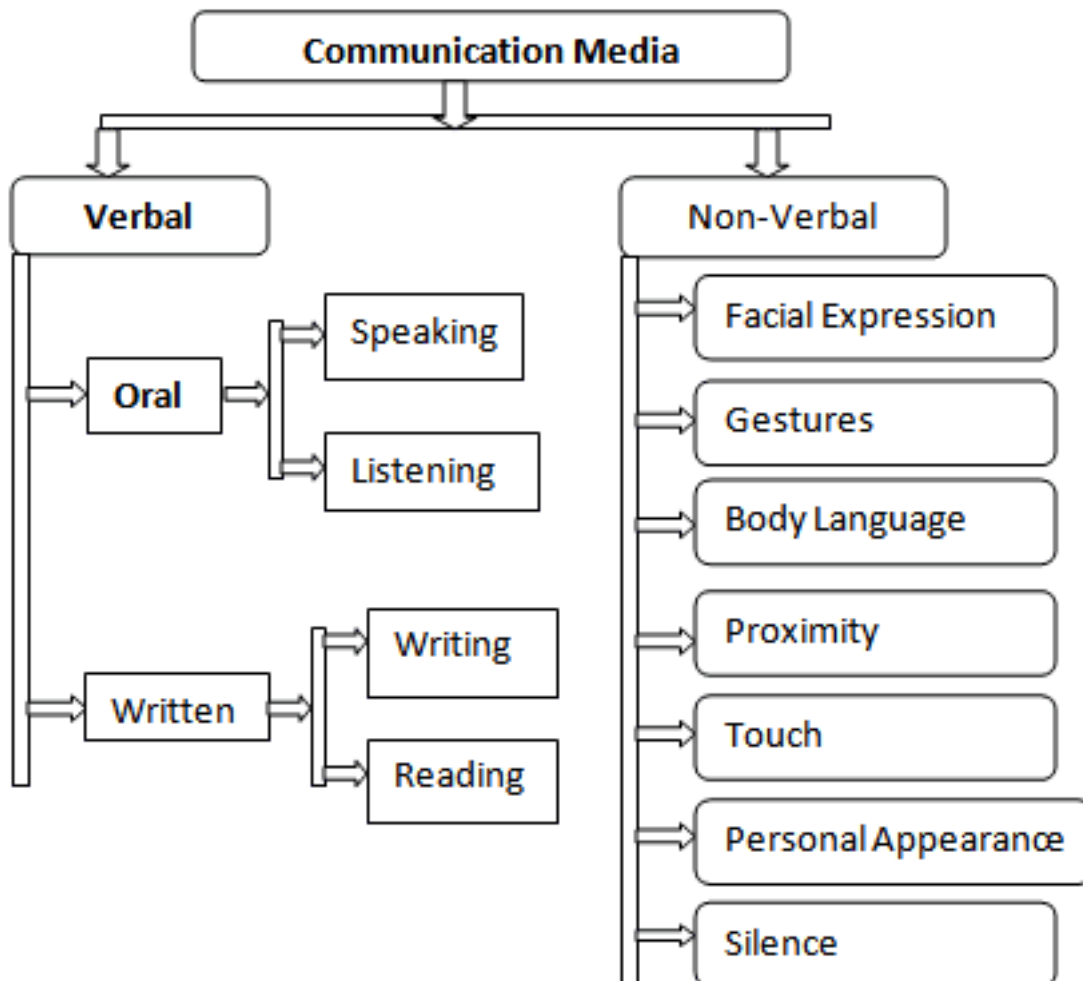
- **Single strand:** In this network, each person communicates with the other in a sequence.
- **Gossip network:** In this type of network, each person communicates with all other persons on a non-selective basis.
- **Probability network:** In this network, the individual communicates randomly with other individuals.
- **Cluster Network:** In this network, the individual communicates with only those people whom he trusts. Out of these four types of networks, the Cluster network is the most popular in organizations.

MEDIA

Media or channel is the means or ways of transmitting the messages from sender to the receiver. The media of oral communication are face to face conversation, telephone or mobile, conference, meetings etc. The media of written communication are newspaper, letter, report, memo, mail etc.

So, Media or channel of communications is the means or ways that are used to transitioning the messages or information from the sender to the receiver.

Types of media communication



Verbal communication

Verbal communication is the expression or exchange of information or messages through written or oral words. Forms of verbal communication are as follows:

1. **Oral communication:** Oral communication is the process of communication in which messages or information is exchanged or communicated within sender and receiver through the word of mouth. It can be divided into two ways: a. Speaking b. Listening.
2. **Written communication:** Written communication is the process of communication in which messages or information is exchanged or communicated within sender and receiver through written form. It can be divided into two ways: a. Writing b. Reading.

Nonverbal communication

Nonverbal communication is the expression or exchange of information or messages through without using any spoken or written word. Some of the forms of non-verbal communications are as follows:

1. Facial expression
2. Gestures
3. Body language
4. Proximity
5. Touch
6. Appearance
7. Silence
8. Paralinguistic
9. Eye Gaze or eye contact etc.

BARRIERS TO COMMUNICATION

The communication barriers may prevent communication or carry incorrect meaning due to which misunderstandings may be created. Therefore, it is essential for a manager to identify such barriers and take appropriate measures to overcome them. The barriers to communication in organizations can be broadly grouped as follows:

1. Semantic Barriers

These are concerned with the problems and obstructions in the process of encoding and decoding of a message into words or impressions. Normally, such barriers result due to use of wrong words, faulty translations, different interpretations, etc.

For example, a manager has to communicate with workers who have no knowledge of the English language and on the other side, he is not well conversant with the Hindi language. Here, language is a barrier to communication as the manager may not be able to communicate properly with the workers.

2. Psychological Barriers

Emotional or psychological factors also act as barriers to communication. The state of mind of both sender and receiver of communication reflects in effective communication. A worried person cannot communicate properly, and an angry recipient cannot understand the message properly.

Thus, at the time of communication, both the sender and the receiver need to be psychologically sound. Also, they should trust each other. If they do not believe each other, they cannot understand each other's message in its original sense.

3. Organizational Barriers

The factors related to organizational structure, rules and regulations authority relationships, etc. may sometimes act as barriers to effective communication. In an organization with a highly centralized pattern, people may not be encouraged to have free communication. Also, rigid rules and regulations and cumbersome procedures may also become a hurdle to communication.

4. Personal Barriers

The personal factors of both sender and receiver may act as a barrier to effective communication. If a superior think that a particular communication may adversely affect his authority, he may suppress such communication.

Also, if the superiors do not have confidence in the competency of their subordinates, they may not ask for their advice. The subordinates may not be willing to offer useful suggestions in the absence of any reward or appreciation for a good suggestion.

UNIT II

BUSINESS LETTERS- KINDS – LAYOUT AND PART – ENQUIRY AND REPLY – OFFERS & QUOTATIONS – ORDERS – EXECUTION AND CANCELLATIONS – COMPLAINT LETTERS – CLAIMS AND ADJUSTMENTS – COMMERCIAL TERMS AND ABBREVIATIONS

MEANING OF BUSINESS LETTER:

Business people have to communicate with the customers, the suppliers, the debtors, the creditors, the public authorities and the public at large as well as among themselves for the purpose of exchanging their views and of sending and receiving information. This is required to initiate, carry out and to conclude transactions.

Communication can be in two ways:

(1) Oral:

Either face to face or with the help of various machines and

(2) Written:

By writing letters. This written communication is otherwise called correspondence. The word correspondence has a sense of 'similarity' and 'association' in it. To correspond means to be in conformity or agreement with something or somebody.

Correspondence or written communication may take place between any two persons or parties. Commercial correspondence means correspondence by the business people on matters of commerce.

The word correspondence has a sense of plurality. It means letters or a pair of letters consisting of an original letter followed by a reply. 'A' letter has little value. The communication is complete when a letter is replied, or an action is taken in response to a letter.

IMPORTANCE OF BUSINESS LETTER:

Businessmen must establish contact with the people and then only they can develop their organisations. Importance of communication is very great in business life (Ref. 3.44). There was a time when the size of business was normally small and varied means of communication were not available, direct meetings or face-to-face communication was practiced by the businessmen. Later on, the policy of sending representatives for direct contacts was introduced. All these methods have their limitations.

The importance of business letters as the cheapest and most extensive form of communication was first realised in USA and UK and now this method has been accepted as the best method of communication all over the world. This has been possible with the introduction of ever-growing postal services. In the meantime, standardization of the form and the style of business letters have made them more popular and acceptable by all.

The commercial correspondence has a language of its own which is markedly different from personal letters. Day by day improvements are being made in the form and the style of business letters making them more impressive, meaningful and compact.

A large number of books on the subject are available in the market in the aid of the business world. Invention of different machines for the purpose makes business letters fast in production and in distribution.

It does not mean, however, that other means of communication have been abandoned.

ADVANTAGES OF BUSINESS LETTER:

Communication through letters occupies the largest share in the total volume of communication because of the following advantages:

- (1) Letters are less costly than other means of communication.
- (2) Letters can be sent to long distant places by post within a short time. Of course, letters may be sent by messengers within neighboring areas.
- (3) Letters are drafted after proper thinking and planning and so the subject matter can be presented in a systematic and logical way.
- (4) The ideas conveyed in letters are clear and free from ambiguity.

(5) The size of a letter may be big or small as required.

(6) Letters simultaneously provide evidence and exact copies can be retained.

(7) Same communication may-be made to a number of persons at a time, through duplicating or printing.

(8) Many unpleasant and delicate matters which cannot be spoken face to face or through mechanical devices can be written in letters in a discreet language.

(9) Letters are suitable for all types of communication.

(10) There is standardization in form and style readily acceptable by the business world. Even internationally accepted code language is used.

(1) Components:

A business letter has the following components like any other form of communication. —A writer or corres-pondent—He is the communicator. He has the primarily responsibility to make a letter purposeful and effective.

(a) He must know the form and the style of writing letters. Different types of letters have different styles. The secretary of an organisation, who is in charge of the office including the correspondence department, is supposed

to be well conversant with the art. There are experienced correspondence clerks whose services are utilized for the purpose.

(b) He must have a command over the language and English is the main language used in the commercial world. (The second internationally accepted language is French.)

(c) He must be conversant with the facts on which he is writing a letter otherwise he cannot faithfully express the facts and the viewpoints.

(d) He must also know the technical terms and phrases necessary to be used in particular types of letters. He can take the help of different types of dictionaries available in the market.

(e) He must make planning before he sets forth to write a letter.

(f) In case he is writing a reply he must read the initiating letter very carefully.

(g) The drafting will depend much upon the nature of the recipient.

(2) The Addressee or the Recipient or the Reader:

A letter is always directed to a recipient (or recipients). He is the communicatee or the addressee or the reader. If the letter is unimpressive, the recipient may not read it and so not necessarily a recipient is the reader. The drafting of a letter largely depends on the nature of the recipient. Moreover, a letter must reach the recipient, in the shortest possible time.

That depends much upon the external factor—the efficiency of the postal system unless a letter is sent by a messenger. The form of a letter depends much upon the nature of the recipient.

(3) The Message:

A letter carries a message or stimuli. It may be long or short, pleasant and unpleasant, general or particular, regular or urgent, meant for an individual or many, initial or responsive, etc. The style of writing depends much upon the nature of the message.

KINDS OF BUSINESS LETTERS:

1) Sales Letter

This is the most common form of a business letter that is used in almost every field. The sales letter serves as an introduction for the customer about the product and/or the company. A typical Sales letter starts off with a line or statement which captures the interest of the reader who is more often than not a target customer or a prospect.

The purpose of a sales letter is to ensure that the reader takes an action and that is why strong calls to action are included in it. The call to action includes a website link, phone number, social media handles, etc. which would connect the customer with the company for further info.

2) Acknowledgment letter

A letter sent for acknowledgment or recognition or receipt of material or letter from the other party is called an acknowledgment letter. The acknowledgment can be of receipt of goods and services, receipt of any other letter or of general inquiries.

It is usually sent by post or by mail. The letter is also used for replying to the queries and complaints sent by customers or clients to state and acknowledge that we have received the communication.

3) Order Letters

As the name suggests, these are types of Business letters that are sent solely for the purpose of placing orders and they may be sent to wholesalers, retailers, or a manufacturer.

The order letter includes all the relevant details related to the order such as invoice or receipt number, product details along with specifications, quantity of the order, Sales tax number and other details related to the manufacturer and a figure indicating the total amount of the order.

Depending on the agreed payment terms the payment amount may or may not be included in with the Order letter.

4) Apology letter

An apology letter is written in order to express regret regarding a certain matter, which says the acknowledgment of mistake or issue or error along with an apology. It is a way of showing sincere regret towards the mistake along with the steps to rectify it or make necessary changes to try and undo the damage.

Apology letter may be issued by the company for the customer or to the dealer or even to an internal stakeholder.

5) Complaint Letter

Complaint letters are the types of Business letters written by one party to another party or entity to convey dismay about a certain issue. Complaints are indicators that something has went wrong and that has been indicated by a formal business letter.

A customer may issue a product complaint letter to address something that is wrong with the product or to highlight a deficiency in services leading to dissatisfaction. The complaint letters are short and usually direct in nature, addressed to the company or person or department in charge.

Sometimes complaint letters may also contain steps to rectify the problem or expected compensation. A complaint letter is followed by an acknowledgment letter and then an apology letter, if applicable.

6) Appreciation letters

These types of communication letters are written by senior management to the junior management for the conveyance of gratitude in order to congratulate them on a job well done or in order to motivate them.

7) Circular Letters

These types of business letters are sent to a closed group or selected people with the purpose of being circulated widely. The purpose of circular letters is to either convey customers about the sale or news or intimate about important information about newly launched or built facilities.

This can also be used to deliver news about new product launches. Circular letters are also used to reach new and prospect customers to let them know about the new information and new developments.

8) Inquiry Letters

These types of business letters are sent for inquiry about certain information. The primary purpose is to know about something or if someone has any query which needs to be answered. The inquiry letter is to be kept short and to the point with directly addressing the inquiry.

The person who asks query is called an inquirer and the inquirer should make sure to include his address and contact details for the authorities to get back to them.

9) Confirmation letter

Whenever there is a discussion or mutual agreement between two parties, and the discussion leads to an understanding or mutual agreement, that agreement is quoted in a confirmation letter.

10) Adjustment Letter

Adjustment letters are the ones that are sent to the customers as a response to their claim or complaint. The adjustment can be either in customers' favor in which case, the letter should begin accordingly and if it is not in the favor of the customer, the tone should be kept factual with a message that you understand the complaint.

QUALITIES OF A GOOD BUSINESS LETTER:

Letter-writing is an art. The style of the letterhead, the paper on which the letter is written, the neatness of writing etc. will create good impression in the minds of the reader.

1. Clarity:

Clear thinking and simple expression are the two important virtues of effective writing. A good letter should show its idea directly and clearly. Each sentence should be as simple as possible. The reader should have no difficulty in understanding what the writer means to say. When the reader

gets the same meaning from the-message as what the sender intended, it is a good letter.

2. Conciseness:

Transmission of maximum information by using minimum words should be the aim of letter-writing. Unnecessary details and roundabout expressions should be avoided. People are busy and they receive a number of letters daily. Unless one says quickly what one wishes to say, he will not be able to get the attention of the reader and focus it on the message. Therefore, a letter should be simple and brief.

3. Completeness:

The letter should contain all the essential points a reader is expected to know. For example, a sales letter should include the description of the goods, price, quality, how and where to buy, the date of delivery, discounts etc. If it gives only partial information, it is not a complete letter.

4. Correctness:

The correctness demands no error at all in grammar, idiom, spelling, and punctuation. Besides, the information given in the letter must be accurate; otherwise it will shake the confidence of the reader. The message should not be transmitted unless the sender is sure of its correctness.

5. Courtesy:

Courtesy means politeness. It always pays to be courteous in business. It softens the sting of an unpleasant piece of information, creates goodwill and produces a favorable response. Good-will is a great asset for an organisation and courtesy in correspondence is one of the most natural and economical means of building it.

6. Cheerfulness:

There should be no negative approach in a letter. It must begin with a positive and optimistic note. The approach should be friendly and convincing.

7. Promptness:

Promptness in replying a letter is absolutely necessary. The general practice is to reply a letter the same day it is received. When it is known that a reply to a letter requires time it is necessary to acknowledge the letter received and intimate the probable time required sending full reply.

8. Appropriateness:

Appropriateness refers to writing or replying letters keeping in mind the relation and psychology of the reader as well as the need of the occasion. The tone, style and language should be changed according to the occasion.

9. The 'You' attitude:

In business letters, the reader's interest must be emphasised and not the sender's interest. To make letters effective, avoid words such as 'I' and 'we' and use as many as 'you' as possible. The 'you attitude' can be used effectively in all kinds of business letters.

10. Integral:

The purpose of business communication is to create understanding, bring about co-operation and initiate constructive action. Therefore, all communication should be in conformity with the general objectives of the organisation.

PARTS OF A BUSINESS LETTER:

The following parts usually constitute the structure of a business letter:

1. Heading:

Many business organisations use printed letter head for business correspondence. The letterhead contains the name, the address, the line of business, telegraphic address, telephone numbers, telex numbers, e-mail address etc.

2. Date:

The date should be indicated in the upper right-hand corner of the letter sheet. It is generally written two or three spaces below the last line of the letterhead.

There are two methods of indicating the date:

(i) In the order of day, month and year — 10 July 1999.

(ii) In the order of month, day and year — July 10, 1999. Both methods are acceptable.

It is advisable to write the names of the month in full.

3. Inside Address:

The inside address consists of the names and address of the person or firm to whom the letter is written. It is generally written two spaces above the attention line and two spaces below the level of date. If there is no attention line it is given above the salutation in the left margin. The full address, i.e., the name of the person, firm, street, road etc. should be written as indicated in the source you got the address from. The details should not be abbreviated.

While addressing a firm, 'Messer' is used before the name. If the firm bears personal title, messers should be used. If the letter is addressed to an officer by name write Mr. or Shri before the name. If the officer is an unmarried woman add Miss and if married Mrs. or Smt. before her name.

4. Attention Line:

When a letter is addressed to a company so that it should reach a particular office by name or a particular department, then attention line is typed below the inside address. This line is generally underlined.

5. Salutation:

Salutation means greetings. It shows the respect or affection or politeness which you introduce in a letter. The choice of salutation depends upon the personal relationship between the writer and the reader. It is placed two spaces below attention line or two spaces below the inside address. While addressing a firm, company or a club, etc. use 'Dear Sirs'.

6. Subject:

The purpose of subject line is to let the reader know immediately what the message is about. By seeing this the reader can understand at a glance what the letter is about. The usual practice is to type this line in a double space between the salutation and the first line of the body.

Dear Sirs,

Subj.: Payment of Bill.

7. Reference:

In a reply to an earlier letter reference numbers, date etc. may be mentioned below the subject. Subject and reference must be separate and must stand out clearly to get the attention of the reader.

8. Body of the letter:

The body is the most important part of a letter. The purpose of this part is to convey the message and to produce a suitable response in the reader. It is, therefore, important to organ-ise and arrange the material very carefully.

Generally, the body consists of the following:

(i) Opening paragraph.

(ii) Main paragraph.

(iii) Closing paragraph.

The opening paragraph should be written in such a way that it attracts the attention of the reader and makes him go through the letter.

The main paragraph contains the subject matter. It should cover all the relevant points which the writer wants to convey. It should be written in simple, clear and unambiguous terms.

The closing paragraph should indicate the expectations, intentions and wishes of the sender.

9. Complimentary close:

The complimentary close is a polite way of ending a letter. It is typed two spaces below the last line of the body of the letter.

10. Signature:

Signature is the assent of the writer to the subject-matter of the letter. It is placed below the complementary close.

LAYOUT OF A BUSINESS LETTER:

The general appearance of the letter will create a favorable impression in the minds of the reader.

It is, therefore, advisable to remember the following points with regard to layout or appearance of the letter:

1. Stationery:

For making an initial impression it is necessary to use good quality paper. Use of the best stationery is a good investment. White paper is preferable as the letters stand out clearly on it and make easy reading. The size of the paper may be according to the suitability of each organisation.

2. Typing:

Typing saves time and gives a good appearance. It is, therefore, necessary to get the letters neatly typed. Typing of letter involves extra expenses. But the appearance of the letter will pay rich dividends.

3. Margin:

Margin in a letter adds to its attractiveness. One inch (2.54 CMS) margin on all sides is the standard one. Margin may be suitably changed according to the size of the paper and it should give a picture frame appearance.

4. Folding:

Care should be taken when folding a letter. It should be done with minimum number of folds and the letter should not look bulky when placed in a cover. The folds should be well pressed down. When a letter is placed in a cover it must give a smart look.

5. Envelope:

The color and quality of the envelope must match the inside letter. The envelope should suit the size of the paper on which the letter is typed.

ENQUIRY

Enquiry means to ask a question, and inquiry is a formal investigation. Inquiry has a formal and official ring to it, while enquiry is informal in its connotation.

In general parlance, it is understood that enquire is to be used for 'asking', while inquire is what constitutes 'making a formal investigation'.

An enquiry letter is written by a potential customer, on the lookout for a product or with a desire to avail the service offered by a seller or an organization. An enquiry letter is neither a contract nor does it entail any contractual obligation between the two.

The purpose of the letter of inquiry is to determine if an organization and its proposal fit within the Foundation's eligibility guidelines before the organization expends resources to put together a full proposal.

THE LETTER OF ENQUIRY

The letter of inquiry should include the following sections: The introduction serves as the executive summary. It includes the name of your organization, the amount needed or requested, and a description of the project.

REPLY LETTERS TO ENQUIRY:

A response letter provides the answers or information requested in a letter of inquiry. The objective is to satisfy the reader with an action that fulfills their request. If you have neither the information requested nor the authority to reply, forward the inquiry on to the correct person.

Letter to respond to an inquiry about products or services.

GUIDELINES

- You should quickly respond to customers' request or queries because it shows that you value them. If you write a heartfelt letter, the customers will not only remember your product or service; they will also like your attitude. Your positive attitude boosts the clients' confidence in your abilities to meet their needs.
- Mention the client's request.
- Tell the reader how you handled his/her request. Give some information about a particular product or service and promote it.
- Explain the procedure of ordering. Invite the reader to ask any questions he/she has in mind.
- End on a positive note.

Sample Letter of Inquiry

(one to two pages)

Organization Letterhead

Date

M. Gregory Cantori
Executive Director
The Marion I. & Henry J. Knott Foundation
3904 Hickory Avenue
Baltimore, MD 21211

Dear Mr. Cantori

We are seeking support of \$XX,XXX from the Marion I. & Henry J. Knott Foundation for (operational/general support, project support, capital, etc.) of our (program/operations). We believe this project is aligned with The Marion I. & Henry J. Knott Foundation's mission in (field of interest and other funded projects).

Established in 19XX, we serve the (geographical) community with services: (List). Recently we were honored by (description) for (accomplishment). (Insert one or two other accomplishments, measurable outcomes, of project or entire organization.)

The project for which we request funds will make a difference in the lives of (such and such clientele) in the following way: (insert compelling specifics of plan). The project will take X amount of time, totaling X \$\$\$\$ and we expect to see the following outcomes: [a], [b], and [c].

We have received (grant support, contributions, in-kind, volunteer help, etc.) in the early stages. Support for the first year will likely come from [a], [b], and [c] (confirmed, pending) and the project will (be completed at that time, or supported in the future by [a], [b], and [c]).

We would be happy to meet with you to discuss this request in more detail and look forward to submitting a full proposal.

Sincerely,

(sign)

Your Name
Title

Letter writing - Read the notes and write an appropriate reply.

SENDER: Mr. Steve Chapman of Freeman's Plc., Birmingham, furniture manufacturer; he can grant a 10% discount on orders received by end of month; delivery from stock guaranteed; payment on delivery.

RECEIVER: Ms. Susan Philips of Epson Ltd, Liverpool, who enquired about a range of office desks.

Freeman's
15 Dalton Street
B45 0AJ Birmingham - UK

29 April 2016
Epson Ltd
8 Gordon Road
Liverpool, L10 1LA - UK

Dear Ms. Susan Philips,

REPLY TO ENQUIRY

In reply to your letter of 20 April 2016 regarding our range of office desks, we are glad to inform you that our sales terms are the following:

- Delivery: from stock guaranteed;
- Payment: on delivery;

More over we enclose our color catalogue and up-date price list - from which you will certainly realize that our high quality items are offer a competitive prices.

As to possible discounts, we can grant a 10% discount on orders received by end of this month.

We feel confident you will find our terms and products to you satisfaction and that we will be hearing from you soon.

Yours faithfully

Steve Chapman

Marketing Department

Enc: 2

OFFERS AND QUOTATIONS

Meaning of Offer:

An offer can be made to a large number of customers in the form of general terms and in the form of printed circular letter.

Meaning of Quotation:

A quotation, or quote, is a document that a supplier submits to a potential client with a proposed price for the supplier's goods or services based on certain conditions. Therefore, a quotation is often required for services but is also commonly used by businesses that sell goods.

OR

A Quotation is a business offer made by a seller to an interested buyer to sell certain goods at specific prices and on certain terms and conditions.

It is a reply by the seller to the prospective buyer. Hence, the quotation letter should be prepared carefully by the seller. It should contain information on all points mentioned in the inquiry letter.

The seller should send the best possible quotation so that it induces the buyer to place an order because it is the basis on which the interested buyer decides whether to buy or not.

CONTENTS OF QUOTATION

The quotation may contain the following points: -

- Details about quality of goods offered for sale.
- Details about quantity of goods offered for sale.
- Type of quotation.
- Sale price per unit of the commodity.
- Term of payment like Cash or Credit, trade discount, cash discount and other allowances if any.
- Time, mode and place of delivery.
- Details of duties, Octroi, etc., payable.
- Details of packing, labelling, insurance, etc.
- Net price payable.
- E and O.E. (errors and omissions expected)
- Kinds / Types of Quotations ↓

FOLLOWING ARE THE MAIN KINDS OR TYPES OF QUOTATIONS: -

1. Loco Price Quotation

Loco means 'On the spot'. Therefore, the loco price refers to the cost of goods at the factory or godown of the seller. Once the goods are out of the sellers' factory or warehouse, all the expenses for carrying the goods from the seller's warehouse to the buyer's place are to be borne by the buyer. This is the lowest price quotation.

2. Station Price Quotation

Under this quotation, seller's responsibility is to send the goods to the nearest railway station from his warehouse. It includes the cost of carriage of goods to the station. Since he delivers the goods up to the station, he charges a little higher price. All further expenses on goods such as freight, insurance, etc. have to be borne by the buyer.

3. Free on Rail (FOR) Price Quotation

Free on Rail (FOR) price quotation covers the expenses of carrying the goods to the railway station nearest to seller plus the loading expenses, freight and unloading expenses are to be borne by the buyer.

FOR price quotation = Station price quotation + Loading Charges

4. Cost and Freight (C & F) Price Quotation

Cost and Freight (C & F) price quotation includes the cost of the goods and all the expenses like carriage to the seller's nearest station, dock and loading charges and freight. Expenses like insurance, unloading and cartage to the buyer's place are to be borne by the buyer.

C & F price quotation = FOR price quotation + Railway Freight.

5. Cost Insurance and Freight (CIF) Price Quotation

There is a risk involved in transporting goods and this risk is covered by insurance. Generally, the buyer pays insurance charges but if CIF quotation is mentioned then the seller pays for the insurance charges along with other previous mentioned prices. So, the price includes cost of the goods plus carriage up to seller's nearest station, loading, freight and insurance charges.

$$\text{CIF price quotation} = \text{C \& F price quotation} + \text{Insurance.}$$

6. Franco Price Quotation

Franco price quotation is the highest price quotation. In spite of being the highest quotation, buyers prefer this quotation because under this price, the goods are delivered to the buyers at their door-step. The buyer is relieved from the tension of transporting goods from the seller's warehouse to his own warehouse.

$$\text{Franco price quotation} = \text{All expenses up to the buyer's warehouse.}$$

7. Free Alongside Ship (FAS) Price Quotation

Free Alongside Ship (FAS) price quotation includes the cost of the goods and all the expenses to deliver the goods at the dock nearest to the seller. The buyer has to bear the expenses of loading, insurance, freight and the customs duty, etc., in addition to the cost of goods. Though this quotation is used in some countries, it is not in use in India.

FAS price quotation = Loco price quotation + cost of carriage of goods up to the harbor nearest to the seller.

8. Free on Board (FOB) Price Quotation

Free on Board (FOB) price quotation is similar to FOR in inland trade. This is normally used in foreign trade. Under FOB quotation, the seller quotes a price which includes all the expenses incurred until the goods are actually delivered on board the ship at the port of shipment.

FOB price quotation = cost of goods + expenses up to goods on ship's board.

9. Cash with Order (CWO) Price Quotation

In Cash with Order (CWO) price quotation, the buyer has to send cash along with the order, otherwise, the order may not be executed.

10. Cash on Delivery (COD) Price Quotation

In Cash on Delivery (COD) price quotation, the buyer has to pay cash after receiving the delivery of the goods ordered by him.

A GOOD BUSINESS QUOTATION WILL INCLUDE THE FOLLOWING:

1) REFERENCE NUMBER

It's important to give your quote a unique reference number so both you and your client are sure about which quote is under discussion. This is particularly useful if you have to revise your quote or issue a new one.

2) BUSINESS DETAILS

It's best (and most impressive) to use your company's letterhead. It should always include your name, business address, contact telephone numbers and email address.

3) GREETING

Open your quote with a friendly greeting and thank your customer for the opportunity to quote.

4) JOB SPECIFICS AND TOTAL COST

Detail the specifics of the job and outline what the costs cover. Indicate what is not covered: for example, the cost may cover parts and labour, but not include delivery.

5) BREAKDOWN OF COSTS

Describe the job proposal, detailing the elements involved. Itemize costs for labour and materials.

If you're quoting to supply products:

- check your quantities - ensure you can provide the requested quantity before you quote
- consider the logistics – can you purchase, store and supply the products within the required time without incurring prohibitive costs?
- check delivery requirements – does your customer want the products delivered?
- look for overhead costs - thoroughly research the job and all logistics. Unforeseen costs can shrink your profit margin.
- If you're quoting to provide services:
- keep accurate records - log the time you spend on various tasks; the details will be invaluable for quotes and budgeting in the future
- compare the job - use previous service contracts; get advice from your peers
- be realistic - don't underestimate the amount of time you will spend providing your services, and make sure any flat fees you quote are carefully considered
- identify your additional costs - charge for any additional costs (disbursements) that your business will incur.

6) VARIATIONS

Explain how different scenarios or variations will affect the cost: for example, with or without installation.

7) SCHEDULE FOR WORK

Indicate when you will start the job and how long it will take (do not underestimate!). If you win the job you will be contractually obliged to finish it in

this time so, make sure it is feasible. If your schedule is based on variables, such as good weather, make sure you indicate this.

8) PAYMENT TERMS AND CONDITIONS

Indicate when you require payment. For example, deposit, lump-sum, periodical payments, half up front and the rest on completion.

9) QUOTE AN EXPIRY DATE

Clearly note the date you need the quote accepted by, especially if prices change quickly in your industry. Make sure you give your customer a friendly reminder before the expiry date.

10) CUSTOMER ACCEPTANCE SIGNATURE

Include a dated 'sign here' statement to confirm the agreement and to accept the terms and conditions.

11) REVISE QUOTE

If the job changes substantially, provide a revised quote (with a different reference number) and ask your customer to confirm the quote before continuing work.

MEANING OF ORDER:

In business or commerce, an order is a stated intention, either spoken or written, to engage in a commercial transaction for specific products or services. From a buyer's point of view, it expresses the intention to buy and is called a purchase order. From a seller's point of view, it expresses the

intention to sell and is referred to as a sales order. When the purchase order of the buyer and the sales order of the seller agree, the orders become a contract between the buyer and seller.

Meaning of Order form:

An order form is a document buyer use to request merchandise from a wholesaler, manufacturer or retailer. ... It may be a request form, a restocking document, etc. But, in broader terms, it's an order form. Aside from selling goods, an order form may be used to sell services.

Letter of Acknowledgement of Order and Its Execution:

This Letter should be written in The Letter-Pad of the Company.

From:

The Sender's Name,
Door Number and Street's Name,
Area Name,
City.

Postal Code: XXXXXXXX

Phone Number: 0000 - 123456789

E-mail ID: sendersname@companywebsite.com

Date:

Reference:

To:

Addressee's Name,
Designation,
The Company's Name,
Full Address with Phone Number.

Subject:

Dear __,

We thank you very much for your order of 6th instant. They have been dispatched. The invoice for the goods amounting Rs.5680 (Rupees five thousand six hundred and eighty only including packing and incidental charges is enclosed.

We hope that you will be fully satisfied with our prompt execution and favor us with subsequent orders.

Yours Sincerely,
(The Sender's Signature)
The Sender's Name
Encl:

MEANING OF ORDER EXECUTION LETTER:

The letter through which the seller informs the customer that the ordered goods have been delivered is called order execution letter. Once seller receives order from customer, he can accept or reject it. Whether the order is accepted or rejected, the seller must inform it to the customer. When the seller accepts the order and delivers the ordered items, he writes the order execution letter. The purpose of writing this letter is to inform the customer about the date of delivery, mode of transportation used, the probable date at which customer will get the shipment and the total price. The invoice is usually enclosed with this letter.

Contents of order execution letter

Generally, an order execution letter contains the following points:

- Reference number of order letter with date
- Name, brands and quality of products
- Quantity of products
- Date of delivery of goods
- Expected date of reaching goods to the buyer's address
- Nature of packing of goods
- Transportation used for delivering goods
- Total price of the products and
- Expected date and mode of payment

DEFINITION OF ORDER CANCELLATION LETTER

A buyer places an order to the seller for shipment of goods but there may be some causes for which the buyer may require to cancel his order. In such a situation he (buyer) writes a letter by providing reasonable causes of cancellation, which is known as order cancellation letter. Delay in shipment, depression in the market, cheap goods in another market, financial problem and others may be the causes of cancellation of the order.

Such a letter should be polite enough to cancel the order and should regret the inconvenience in such a way so that good relations and goodwill remain. A cancellation letter is a form of communication to inform the service provider, institution or a company that the writer is dissatisfied with membership or company and would like to discontinue it or cancel an order for products or services.

The reason for cancellation can be several- the consumer might be dissatisfied with the company or the service or could have changed his/her mind about the purchase, or specific circumstances could have rendered the purchase unnecessary, hence necessitating the cancellation.

The following is the sample of Letter to Cancel an Order.

From.

Date:

March 29, 2015

Badsha Ahmed

Park Street Colony,

Study & Enrich Store,

Bangalore – 13, India

To,

Mr. Ram Charan

Shipment Manager,

Gex Books Pvt. Ltd,

Chennai, India 600003

Subject: Cancellation of an order

Dear Mr. Ram,

I am writing to you to inform you that I would like to cancel the order of 13 physics textbooks which was placed earlier this week. The order number is 2144v. The school has decided to provide books by themselves, and hence I won't be needing them.

Please send the refund amount by cheque to the address mentioned below.

I am incredibly sorry for all the trouble and inconvenience caused.

Thanking you,

Sincerely,

Badsha Ahmed

MEANING OF COMPLAINT LETTERS:

Letter written to bring these mistakes to the notice of those who must own the responsibilities for them are called claim or complaint letters. So, when a letter is written to the seller by the buyer raising complaints or claims regarding mistakes taken place during the order to payment period is called a claim or complaint letter.

TYPES OF COMPLAINTS LETTER

Though there are various types of complaints raised in the course of business dealings, they can be grouped into two major groups- routine complaints and persuasive complaints. These are discussed below-

Routine Complaint Letter: A routine complaint letter is written in the cases where the mistakes are considerable and routine in nature. In such cases request for correction is supposed to be complied quickly and willingly without persuasion. For example, the quoted price of an item was 500\$ but the supplier charged 550\$ per item. This type of mistake is brought to the supplier's notice by routine complaint letter. This type of claim is usually managed or satisfied by the sellers.

Persuasive Complaint Letter: A persuasive complaint letter is written in the cases where the buyer is to convince the seller to correct the mistakes occurred. For example, the quoted price of an item was 400\$ per unit while placing the order but after placing the order the price was reduced to 300\$ per unit. This type of mistake is brought to the supplier's notice by persuasive

complaint letter. The seller is not legally bound to pay attention to this type of claim.

SOURCES OF MISTAKES GIVING RISE TO COMPLAINTS

In case of fulfillment of order, buyers can raise their complaints against the suppliers due to various reasons. Followings are some common sources of mistakes that give rise to complaints by the buyers-

- Incomplete or defective order
- Abnormal delay in sending the consignment
- The goods arrive in a damaged condition
- The goods are not what were ordered
- Quantity of goods is not what was ordered
- Goods are delivered at the wrong place
- Work undertaken is done unsatisfactorily
- Misbehavior of staff or salesman
- Mistake by the accounts section in preparing the invoice
- Defective packing that might lead to the damage of goods in transit
- Mistakes in a bill or reminders for payment after the bill has been paid
- Dispatching products of wrong quality, color, brand, pattern and defective pieces of goods etc.

Complaint Letter

Sender Name
Sender's Title or Position
Sender's Organization Name
Sender Street Address
City, State, Zip Code

Date: DD/MM/YYYY

Recipient's Name
Recipient's Position or Title
Recipient's Organization Name
Recipient's Street Address
City, State, Zip Code

Dear Sir/ Madam,

I am writing this letter to bring your attention that I am not satisfied with your quality of services provided at _____ (business name). I am talking about the services I took on DD/MM/YYYY and want to let you know I was very upset with your staff's performance. They used to deal with me quite inefficiently and did not show their interest which they must show while dealing with regular customers.

I have been a regular client of your business but now I am completely disappointed. I expect quality services from you and request you to address this issue with immediate attention. I expect full compensation and look forward to your replies within shortest time.

Yours Sincerely

Write Your Name Here

CLAIM LETTER

A "Claim or complaint letter" is written to the concerned company to bring the mistake or damage done to the notice of the supplier or provider, and to ask for rectification and/or compensation.

Purpose: To express dissatisfaction and propose an equitable adjustments or solution.

A letter of claim is a letter that is written to notify someone of incomplete or unsatisfactory work on a specific project. A reply to a claim letter is called an adjustment letter.

Need for claim letter:

Claim letters are used to make claims due to unsatisfactory work or products by companies that have contracted another party to complete work. For example, if a company outsources production of a part required for a final product and is unsatisfied with the contractor's work, that company will write a claim letter to demand superior products. As such, claim letters have a very formal and serious tone.

SAMPLE CLAIM LETTER

StayWarm Wool Centre
35, Dombivli
Thane

November 26, 2012

The General Manager
Northern Railway

Dear Sir

We would like to bring to your kind attention that our consignment of hosiery goods sent from Amritsar on November 10, 2012 was tampered with during transit. This fact has been duly certified by the railway clerk at Thane station from whom we received the consignment. His remarks are enclosed herewith. We are writing to request compensation for our losses.

The pilferage of woolen clothes has resulted in huge losses for us. We have enclosed an itemized list of the lost items along with their costs and we must insist that you register this claim of ours and reimburse us immediately.

We look forward to hearing from you.

Sincerely

Authorized signatory

Meaning of Adjustment letters:

An adjustment letter is a response to a written complaint. The objective is to inform the reader that their complaint has been received. It is also a legal document recording what decisions were made and what actions have or will be taken. Keep in mind that your reader has been inconvenienced.

Adjustment letter sample 1

Bangladesh Textiles Mills Ltd.
Narayangong, Dhaka

10th Feb. 04

Marketing Manager
Bexi-Clothes Corner
South Plaza,
Dhaka-1215.

Ref: Your letter dated 5th Feb. 04.

Dear Sir,
We thank you for your letter of 5th Feb. 04 along with/ sample of cloth for examination.

The report that we have received just today shows that the consignment forwarded to you was the wrong one full of defective clothes. It was a mistake because of our dispatch section, and we regret this mistake which has caused you both embarrassment and inconvenience. We have already sent the replacement by passenger train. You can be sure of the quality of cloth now sent.

You can, of course, return the clothes to us and debit our account for the loss caused to you. We again regret the inconvenience to you and assure you that such mistakes will be avoided in the future.

Yours faithfully

M. Ashraf
Sales Manager
Bangladesh Textile Mills Ltd

In business correspondence a number of abbreviations are used, some of which are only suitable for informal communication, some even for electronic communication only (e.g. emoticons). In formal business letters, a clear, formal writing style should be used, however, there exist some instances in which the use of abbreviations is appropriate to save both space and time.

FORMAL WIDELY USED ABBREVIATIONS:

ASAP - as soon as possible

attn - attention: to show that a letter is for the attention of a particular person

BYOB - bring your own bottle: used on invitations to show that you should bring your own beverage to a party or get-to-gather

cc - used on a business letter or e-mail to indicate that a copy of a given letter is being sent to the person mentioned

c/o or c/- - care of: used in the address on a letter or parcel that you are sending to someone at another person's house

encl. - enclosed or enclosure: used at the top or bottom of a letter to show that an attachment has been included in the letter

FAO - for the attention of written in front of someone's name on a document, letter, or envelope to show that it is intended for them

FYI - for your information written on a business letter or e-mail to show that it is being sent to someone for their information only; they are not expected to reply or take any action

pp - on behalf of - written in front of someone's name when you are signing a letter for them

PPS - written before a note at the end of a letter, after the PS note

PS - postscript: used for introducing some additional information at the end of a letter after you have signed your name

PTO - please turn over: used at the bottom of a page to indicate that there is a second page (informal)

RE - used in business letters to introduce their subject matter

ref. - reference: used in a business letter when you are giving the numbers and letters that show exactly which document or piece of information you are writing about

RSVP - used on written invitations to ask the invited person to confirm their attendance

UNIT III

COLLECTION LETTERS

Meaning:

A collection letter (also known as dunning letter) is a notification sent in writing, informing a consumer of his past due payments. Debt collection letters' function is to remind the debtor of his delinquent payment owed to a creditor. ... A collection letter is to be sent, when debtor's invoice has become past-due.

AIM OF COLLECTION LETTERS:

While the primary goal of a collection letter is to persuade the customer to submit payment, the collection process shouldn't jeopardize the business relationship. Companies may use collection letters as the only means of communication when they attempt to collect past due invoices.

Credit is the lifeblood of any business - it is very difficult for a business to survive, and certainly grow without it. But what is credit?

Some small businesses trade in cash – and nothing else. Customers pay in cash and the expenses and costs of the business are settled in cash. There is no need for credit.

However, most businesses cannot survive simply with the cash they have in the bank or which they take from customers. They need to borrow or lend from banks, suppliers and others in order to trade.

So, in business, credit is about borrowing – owing money to others for a period of time.

For example, credit arises when:

- A business makes use of a bank overdraft facility – e.g. the bank account goes £50,000 “into the red” or overdrawn
- A business takes out a bank loan – e.g. £100,000 loaned over five years
- A business buys goods or services from a supplier and agrees to pay for them in 30 days – known as trade credit

The amount of credit that a business can raise will depend on several factors such as:

- Whether the business is profitable and is likely to remain so in the future
- The ability of the business to generate a positive cash flow to allow it to repay credit
- The strength of the relationship between the business and its creditors
- The industry or market in which the business operates

You may have heard about the “credit crunch” during 2008 and 2009. The credit crunch was about a reduction in the availability of credit for businesses. As lenders struggled to stay in business, they lost confidence in the ability of businesses to repay credit.

So many businesses found themselves in financial trouble due to:

- Banks withdrawing or lowering overdraft facilities
- Banks refusing to provide bank loans, or making the repayments and interest charges worse
- Suppliers insisting on earlier payment of invoices

The effects of the credit crunch – notably an increase in failed businesses – show just how important credit is to the business community.

PRINCIPLES AND METHODS OF COLLECTIONS

Fortunately, most customers pay their bills in the normal course of business. In fact, based on historical data compiled by the Foundation, delinquency generally averages between 7 and 9 days across all industries at any given time. Additionally, delinquency in excess of 91 days for all industries rarely surpasses 2 percent.

Good business requires that collection of invoices be made promptly and without any damage resulting to the customer relationship. It is this latter requirement, namely, to retain the customers' goodwill, which makes the collection problem a difficult one and which makes skill and tact essential in the handling of collections. Just how much pressure is to be brought to bear

to obtain prompt collections and to what extent the relationship may be jeopardized in the effort are questions of policy. The collection problem should be analyzed, and the collection policy defined in accordance with such objectives as:

- the policies of the selling division involved with the problem
- the economic climate in general
- the importance of the customer
- the effect of the combination of dollars and number of customers delinquent on the entire receivable's portfolio.

Points to Consider

- Our attention is caught by the exceptions, those who do not exhibit the expected pattern of behavior. In evaluating a delinquent customer (or the portfolio of delinquent customers), several factors should be taken into consideration.
- Amount owed--a company can afford to devote more time and effort to the collection of large balances than it can to smaller ones. Two pitfalls to be mindful of in this connection are:
 - the willingness to write-off small balances (which can add up over a year)
 - obstinate, imprudent collection efforts (holding on to the collection for too long).
- Either situation can lead to an unprofitable operation, the former through direct credit losses and the latter through a more insidious rise in the costs of recovery. The time to terminate a collection effort is

crucial. The decision can make or lose money. Possibly outsourcing of collections based on dollars of exposure should be considered to control collection costs.

- how long has the item been unpaid--consideration of the age of the item is important. The value of the receivable falls rapidly as a function of time, and the longer the debt has been owed, the less likely you are to be paid.
- pattern of payment--note whether there have been partial payments or any effort to settle the debt. Has the customer made any sincere effort attempt to take care of the obligation?

Customer relationship--how long have you been dealing with the customer?

If the customer is new, you owe it to them and your company to make your policy on collections clear from the start. Neglecting delinquency at this time is inviting problems forever with the account. If it is an old customer, how has the payment pattern been? How have any delinquencies been cleaned-up in the past? Is there a problem with the product or service?

previous dealings with the customer--how has the customer lived up to its commitments in the past. Has the account ever been closed and reopened?

PRINCIPLES OF COLLECTION

Certain principles have been found especially useful in the field of collection and may be grouped into the following areas:

- collect the money
- maintain a systematic follow-up
- get the customer to discuss the account
- and, preserve goodwill

Collect the money

The primary job of the person responsible for collections is to collect the money as close to the terms of the obligation as possible. There should never be any doubt as to why the individual is engaged in this particular task. The debtor has an obligation to pay within the terms of the agreement. It is the job of the collection person to make sure that this obligation is met. The tone may be indulgent at first but should be intensified and accelerated as much as necessary to ensure payment by a debtor.

Systematic follow-up

After the initial contact with the delinquent customer, it is important to keep additional contacts on a strict schedule. If the collector, for example, is told that a check will be mailed in a few days, it should be noted. If the check is not received at the promised time, a follow-up is essential, otherwise the collection effort will become ineffective.

Systematic follow-up of accounts, even those which can not pay immediately, reinforces the serious nature of the outstanding debt and emphasizes the importance attached to it by the creditor. That in itself is an important collection advantage.

Discussing the account

Once the collector gets the customer to talk about the delinquent account, the collector is well on the way to receiving payment. That is why emphasis is placed on inviting the debtor to talk. The object of the discussion is to get the debtor's explanation of the delinquency. It may be a question of a dispute; it may be due to a temporary shortage of funds; or the customer may intend to hold off payment so the creditor's money can be used in its own business. During the discussion, the collector may begin to see the debtor's situation more clearly. If the slow payment is the result of a temporary cash flow problem, tolerance of slower payments may be accepted, but it should be emphasized to the customer that the new schedule of payments must be completed.

Preserve goodwill

Even though the customer may be experiencing some difficulty in meeting payments, it does not preclude them from becoming a good customer in the future. Therefore, it is important to preserve goodwill while pressing for collection. This requires not only tact, but knowledge of the customer and industry. One of the advantages claimed by specialized collection personnel is that they can develop these techniques to their fullest. On the other hand,

the team concept presents the opportunity for credit and customer service personnel to better understand the relationship of the customer to the industry and overall marketing objectives of the company.

METHODS FOR IMPROVING COLLECTIONS

Awareness is the first step in collections--awareness of what is happening in the economy, in your industry, in your own company, and with your customer. The same investigative and analytical techniques which are used for credit approval are valid for the collection process. Unless you have some idea of what your customer's problems may be and WHY they are paying you slowly (or not paying at all), you may not take the correct first crucial step in collection.

The collection process begins in your own department, and then with other departments in your company, such as shipping, billing, sales, and service.

Before contacting the customer, make sure you clear up any internal problems such as:

- unapplied checks
- unresolved billing or merchandise disputes
- unused credits for returns or adjustments
- any verbal "special terms" given by sales reps
- Let's deal with the questions most inexperienced collectors ask:
- When do I start collecting?
- Whom do I contact?

- How do I say or write it?
 - How often do I follow-up?
 - When should I consider litigation?
 - When do I start?
-
- Collection really starts with the customer invoice. Make sure your terms are clearly stated so the customer knows exactly when and how much to pay, and where to mail the check (or electronically transfer the funds).
 - Check to make sure your billings go out promptly, preferably the same day as shipment, and that you have abided by the customer's request concerning correct billing addresses, duplicate invoices, etc.
 - When you begin, depends on a number of things--your selling terms, the custom in your industry, your competitive position, and your company's own financial requirements. Some industries, due to their competitive nature are notorious for not following up for 30-45 days after the due date, thereby extending terms. If your company is dominant in your industry, you stand a better chance of having your customers adhere to your terms than if you are a small company, or new in the market, trying to expand its customer base.
 - As with a credit policy, collection practices must be flexible. If your company is in the midst of a large promotion requiring customer cooperation, you may want to alter your normal timing until after the promotion is over. Conversely, if your company is in a cash bind, and needs cash more than new sales, you would tighten up. Because collection is one of the least popular things your company does, make

sure you keep management informed of what you are doing, and your success rate.

- When to start should not be left up to individual collectors but should be part of a formal credit and collection policy. If you have different product lines with different type customers, and different selling terms, your collection practices should be tailored to those differences.
- You should develop some sort of matrix which outlines the timing and type of collection effort.

For example:

Days Delinquent Action

- 5-10 send statement or first letter, make first phone call
- 11-20 make second phone call and monitor orders
- 21-30 third call and follow up letter
- 31-45 hold orders
- 46-60 Fourth call and final demand letter
- over 61 Place for collection

As a rule, the longer a customer ages past due, the more frequently you should contact them. Also, at each step, your tone should be more demanding. If your personnel resources are limited, you should choose your larger accounts first, and possibly consider outsourcing the smaller dollar delinquencies from the time the customers become delinquent.

The longer an account is past due, the less your chances are of collecting it. Some studies indicate that you stand a 90% chance of collection within the first 60 days. This drops to 50% over 90 days, 20% over 180 days, and probably nothing over one year.

Many customers pay only after you contact them, believing that if you do not ask them for the money, you really do not care if they pay slowly. After a while they know who pressures them and who does not, so be one of the "early birds" and start your collection process promptly.

If a customer had traditionally paid within your discount terms, and is a large purchaser, do not wait until the net terms expire, contact them after the discount period has expired.

If you have certain large customers whom you know wait for your call before they pay, call them a few days before the payment is due to find out if there are any billing or shipping problems that need to be resolved before they mail their check. This diminishes any excuse they may have to delay payment and lets them know you have caught on to their delay game.

WHO TO CONTACT?

You should obtain the name of the individual who has the authority to issue payments when you begin your initial credit investigation. In larger organizations where you do not normally talk to the owner, also obtain the name of the buyer/purchasing agent, and perhaps even the person in charge of the receiving department. The more bases you can cover, the greater your chances are to avoid bureaucratic excuses.

HOW SHOULD YOU COLLECT—BY LETTER, TELEPHONE, FAX, IN PERSON?

Before you actually write, call or visit, make sure you have at your fingertips, either in hard copy or on your monitor, all the information you will need to make your letter/call/visit complete. These items should include purchase order and/or contract numbers, invoice detail, credit memo detail, unapplied checks, related correspondence, previously disputed open items, statements, and copies of any billing/shipping instructions. If your business routinely provides proofs of delivery for your customers, include these too.

Also review your credit file for recent information about your customer's paying habits with your organization as well as with the trade. Furthermore, review the customers' financial condition, and operations. If the file is not updated, this may be a good time to do it. This information may give you clues as to why your customer is not paying you. Also, it will give you the opportunity to ask more incisive questions and tailor your payment request for better results.

In person is probably the best method of collecting, because you are face-to-face with your customer. In addition to hearing what they are saying, you can also watch facial expressions and body language, have an opportunity to look around the premises for any signs of physical deterioration, examine inventory levels, watch customer activity, etc. In some instances, if you know your customer is going to be in your vicinity, invite them to your office to talk about the account, or meet them in a neutral place. A problem with personal visits is that they are expensive. You may want to save them for your largest and most troublesome accounts.

Telephoning is probably your most cost-effective collection method. It's fast, it gives you the opportunity to listen to what your customer has to say, and yet you are at your own desk with access to all the information you need.

If you are new to collections, ask your supervisor, team leader/coach or an experienced co-worker to do some role playing with you.

This is the best way to learn to counter some of the most common excuses why your customer cannot pay, such as:

- The product was defective, missing, mispriced, returned
- The check is in the mail
- The bookkeeper is on vacation
- The system is down

Always observe good telephone manners. It's OK to be understanding of a customer's problems, but do not be sidetracked by small talk or taken in by "hard-luck" stories.

When you are dealing with a delinquent customer, expect some emotion from them. Infrequently, a customer will become agitated and abusive. Even though it's difficult, remain calm and businesslike, let your customer blow off steam, and then resume the conversation when they are calm. If this does not work, and particularly if they become abusive, tell them politely that you are terminating the conversation, and hang up. After you calm down, try again. Most of the time, the second call is more productive, and many times the customer will offer an apology. Accept it and go on with your business. Before making your payment request, decide what your fallback position is.

- Even though you should always ask for full payment immediately, you know that in some instances you may not get it.
- Know the timing and minimum dollar amount that you will accept.
- If you do not have the authority to make concessions, discuss the matter with someone in charge, and agree on how far you can extend your offer.
- However, do not let your intent be known to the customer.
- Keep this as a negotiating tool.

In some instances, you will better protect your interests by agreeing to a payout, rather than insisting on a full payment immediately. You never know if your request will be the one to push your account over the edge to bankruptcy.

HOW OFTEN TO FOLLOW-UP?

If your customer makes a commitment, note the date and amount on a calendar, and follow up with them if the check does not arrive. This is important. If you do not do it, your customer may think you really do not care, and may delay even longer.

In structuring payouts over time, keep the length of total time as short as possible, and opt for weekly rather than every two weeks or monthly payments. You should always confirm any payout plan in writing and use actual dates and amounts of the payments. Send two copies of your confirming letter to the customer along with a prepaid addressed envelope. Ask them to sign a copy of the letter, acknowledging that they understand

and agree to your plan, and return it to you. In any confirming letter, you should state that if the customer does not adhere to the agreement, the entire amount is immediately payable in full.

Although it's not possible in every case, try to keep merchandise (or service) flowing to the customer during your collection process. Your ability to continue to support the customer and at what volume level, should be based on the gross margin return your company earns on the sale. This action may be defined in your credit and collection policy. In some cases, you may have to withhold shipments, but remember that by doing this, you have cut off part of your relationship. The customer may need your goods to raise cash to pay for the unpaid merchandise. By spoon-feeding the financially troubled customer, you may get "stuck" on the last payment, but in-the-meantime, you have moved inventory which is part of your responsibility to your company. If the customer cannot get your product elsewhere, you are in a good position, but if they have alternate sources of supply, you have lost some of your leverage. In any plan where you continue to ship, structure the payments so they exceed the value of the shipments in order to bring the entire past due balance down to zero at the end of the payout period. You can do this with a restructured series of payments, or by tying each order into a payment; i.e., sending a \$500 check with every \$250 order.

Regardless of how you have contacted the customer, here are some other points to consider:

- In some cases, you may ask the customer to send a series of post-dated checks. While this does not guarantee they will all clear the bank,

at least you control the mailing and deposit, and you do not have to rely on the customer to do it.

- If your payout plan includes taking any guarantees or security, make sure your legal department or representative reviews any formal agreements before they are finalized.
- During any payout arrangement where you are continuing to ship goods, be prepared to stop if:
 - payments are not made as agreed
 - NSF checks are received by you or others
 - you learn other creditors have placed the account for collection or started legal action
 - a bank has called its loan

WHEN SHOULD LITIGATION BE CONSIDERED?

- Never threaten a customer in writing or orally that their credit reputation will be ruined if they do not pay you. In the first place, you are not telling them something they do not already know, and secondly, you could be sued. Also, do not threaten legal action unless you are fully prepared to follow through, and have received the necessary approval from your management.
- Always keep your sales and distribution people informed about your collection efforts, especially those that are under credit restriction. This will avoid them working at cross purposes by soliciting or shipping orders. Also, in certain instances your sales reps may be able to assist in the collection effort. Make sure you check with management before you attempt this.

- Using letters is another option for collecting. These can be useful for confirmation of telephone agreements or may be used in mass mailings if you have the ability to automate the process.

Consider these points if you use letters:

- address them to a specific individual rather than to a title
- they should be short and to the point, avoid overused, trite and meaningless expressions
- be serious and firm, just ask for what you want
- write as though you were speaking to the customer
- On final demand letters where you tell the customer that the next step is litigation, try to send the letter by an overnight carrier such as FedEx, Airborne or UPS where the customer must sign for it. This also indicates your sense of urgency.

DIFFERENT METHODS OR STAGES OF COLLECTION/DUNNING LETTER

Collection letters are written in a series. If the dues are not paid by the customer, then every stage is required to be covered. The following is the five (5) collection stages:

1. Sending statement of Account:

Here the customer is given a periodical statement of account showing the amount due from him. It is just a notification of the value of his purchase and he is expected to remit money according to the terms of payment.

2. Reminders:

Many customers pay promptly, but some others may fail. After the due date, it is assumed that the debtor has failed because of overlooking or forgetting the statement sent to him. Therefore, he is only to be reminded that his account is still to be settled. Depending on the situation, a company may send more than one reminder before moving to the next stages.

3. Inquiry:

After sending the normal number of reminders without any success, the creditor takes the help of different course to “break the ice”. He writes to the customer to ask him why the payment is being unsettled or withheld. The valid reason for the delay is expected to be replied from the debtor so that he (Customer) may be offered necessary assistance to overcome his difficulties, the tone of such letter would be one of understanding and helpfulness.

4. Appeal:

An appeal letter comes into the picture when an inquiry letter fails to bring any positive response from the delinquent customer. The letter must be persuasive and appealing to a sense of self-respect, duty, justice, fairness cooperation, and self-interest. And therefore, many appeals may be used for the purpose.

5. Warning or ultimatum:

It is the final stage in the collection series, now it is more important to collect the money rather than retaining the customer because a debtor who has not responded to any letters till is obviously trying to avoid payment and therefore legal action is the only course left. A definite time is given to the debtors to pay the dues and if the debtor fails to pay within the given time, his case should be passed on to the lawyers. Such a warning is placed through a warning letter.

IMPORTANCE OF COLLECTION LETTER

They are as follows:

- The person making negligence to pay the dues or having a weak business policy to adjust the dues.
- Person/giving less importance if the credit is of a small amount.
- The person making a delay because he is doing business with the amount of creditor.
- A person who wants to enjoy the discount and various benefits.
- A person having financial weakness due to economic conditions.
- A person who is naturally slow.
- A person who is a fraud.

Sample Collection Letters

John Smith
ACME ABC, Inc.
1234 Main Street
Arlington, TX 76010

December 1, 2010

Mr. Joe Jackson
25 South Street
Fort Worth, TX 76052

Re: Account Balance of \$618.00
Account #12345

Dear Mr. Jackson,

This is a reminder that the above mentioned account of \$618.00 was overdue as of 11/29/2010. Please pay the balance of the entire account as soon as possible. If by chance you have already put a check in the mail, we thank you for your payment and apologize for any inconvenience.

Sincerely,

John Smith

Go to www.AtYourBusiness.com for more free business forms

MEANING OF SALES PROMOTION LETTERS:

Sales promotion letter is written to push the sales of any product or services. These are the advertisement letters that are written to draw the attention of the purchasers towards the promoted product and to boost sales. The Sales Promotion letters enhances the sales of the merchandise and will increase the ratio of the profit.

The Sales Promotion letters carries the points regarding the merchandise and also describes its profit. The Sales Promotion letters ought to additionally mention that however the promoted product or services is best and overshadows the opposite contestant. These letters are written in professional form and have a tendency to make a positive impression. The Sales Promotion letter is usually formal and contained product description and its costs. These letters are used for selling of the product and services. The Sales Promotion letters acts as an ideal tool for the selling of the product.

Sales Promotion Letter Writing Tips:

- The sales promotion letters should be highly professional.
- These letters should be formal.
- The details provided should be correct and to the point.
- The sales promotional letters are written in an attractive manner.
- The sales promotion letter should be typed and not handwritten.

Sample of sales promotion letter:

To,
Mr. Jack Mike,
General Manager,
ABC Ltd.
Tokyo

Dear sir,

You are one of our valuable customers and we are glad to inform you about our new launch. Our new range tablets are cost efficient as well as are best in terms of quality.

We have introduced these new tablets last month and are getting positive response for it in the market. In addition to it we are also providing a discount of 30% on the market value of the product.

You are one of our old customers and we will offer you proper after sales support.

We are looking forward for a positive deal.

Sincerely,
RK Smith
BH International Ltd.
Hong Kong

MEANING OF CIRCULAR LETTERS:

A circular letter is a written document that is addressed for circulation to a group of people. It is usually formal and official. It may be for a closed group or general distribution. The term may refer to: Flyer (pamphlet), a single page leaflet.

NEED FOR CIRCULAR LETTERS:

A circular is essentially a letter containing some important information that is distributed to a large number of people. Be it for inter-departmental communication, advertising or even personal reasons a circular must always reach a large number of correspondents. ... This is one of its main features

OBJECTIVES OF CIRCULAR LETTERS:

The objectives of circular letter are many folds. Generally, circular letter passes business related information to a huge number of readers. However, it may also circulate non-business information. Circular letter is drafted and distributed for attaining three sets of objectives: business objective, personal objective and social objective. These purposes of circular letter are also known as situations requiring circular letters. These objectives or situations are discussed below:

A. Business objectives

Circular letter is written for the following two business objectives:

1. Circulating business information: The primary objective of circular letter is to distribute information relating to business. Circular letter usually circulates the following business information:

- Launching a new business
- Expansion of existing business in any new field
- Changing the nature of business
- Opening or closing branches of the business
- Changing the name of the business
- Shifting the address of the business
- Discharging any officer, executive, agent or representative of the business
- Employing any new business executive or agent
- Admission of new partner
- Retirement or death of any existing partner

2. Increasing demand for the products: Business circular letter also aims at increasing products demand. In this case, circular letter contains the following information:

- Innovation of new product
- Quality improvement of existing products
- Import of any new products
- Marketing of new products
- Decrease or increase in product price
- Decrease or increase in product price
- Any special discount

B. Personal objective:

Circular letter may be used to circulate the name and fame achievement, contribution etc. of an individual.

C. Social objective:

Circular letter can also be drafted highlighting the social or national problems with a view to build public awareness.

STRUCTURE OF A CIRCULAR:

Structure of A Circular should have the followings.

1. Address of the issuing agency usually in all kinds of circulars, the address, phone no. Etc. Of the issuing office / agency / department is printed at the top.
2. Reference is usually written at the left side. It is different for each circular.
3. Date is written at the right side.
4. Subject on which the circular is being issued is written as in simple letters.
5. After subject, FOR is written that indicates FOR WHOM the circular is being issued.

If the circular is issued by the head office of a bank, for all the zonal/regional offices, then it must be invariably mentioned as follows.

IMPORTANCE OR ADVANTAGES OF CIRCULAR LETTER

Circular letter circulates information relating to a company, its products and services etc. to a large number of people at a time. It plays an important role in the growth and development of business. Its importance is briefly discussed below:

- **Easy method of conveying information:** Circular letter is the most easy, simple and effective way to convey any information to a huge number of people.
- **Achieving economy:** Circular letter can be used for wide publicity of products. As a result, organizations can save cost of sending letters to different parties separately and can gain economy.
- **Saving time:** Circular letter transmits information to a large number of people at a time. It does not require reaching each individual separately. Thus, it saves time.
- **Less effort:** Circulating information to each individual separately is a time consuming and laborious job. Circular letter helps to overcome this problem. Through circular letter, we can communicate with large number of people at a minimum effort.
- **Creating market:** Through circular letter, a company can inform potential customers about its products and services. In this way, new market can be created.
- **Increasing consumer's confidence:** Convincing and attractive circular letter can easily touch the reader's heart and thus helps to enhance consumer's confidence on the company's products.

→ **Creating public consciousness:** In circular letter, information like price, quality, utility, place of availability, etc. are mentioned in detail that makes people more conscious about the product.

SAMPLE OF CIRCULAR LETTER:

The following is a sample circular to inform employees about the revised working hours of the company.

Circular No. ____
25th October 2018

Revised Working Hours

All Employees of XYZ Company,

This is to inform all employees there will be a change in the working hours of the organization effective immediately. As you know we now do not function on any Saturdays since last month. So, we only have 5 working days in a week, a revision in the working hours was necessary to ensure the quality of work does not suffer. Hence one hour will be added to the previous 9-hour workdays. The revised working hour will be as follows:

Working Days: Monday to Friday (except holidays)

Working Hours: 8:30 am to 6:30 pm (These hours will include the one-hour lunch break)

All employees are requested to note these new and revised timings. The timings are effective immediately from 26 October 2018. Punctuality and adherence to the new timings are requested. Repeated defaulters will face action. Please contact the HR department or your managers for any queries you may have.

ABC,
CEO of XYZ Company.

UNIT IV - COMMUNICATIONS

MEANING OF BANK CORRESPONDENCE:

Bank is a financial institution the main business of which is to receive deposits from the public and to grant loans to them. With the modern advancement in business world the banks have to undertake other functions as well. A bank is judged by its financial stability and the efficiency with which it carries out its various functions. As some of these functions are accomplished by means of letters, the technique of writing these letters requires to be cultivated. As in other business letters, the essential elements of successful bank correspondence are brevity, accuracy, clarity, secrecy and courtesy and tact.

IMPORTANCE OF BANK CORRESPONDENCE:

Correspondence with banks is essential for organizations. Banks also are business houses and they have to correspond with clients and customers. Banks whether Private or Public, Local or Foreign, have to face stiff competition from others. Computerised accounts, Automatic Teller Machine, Credit and Debit cards have enlarged the scope of business. Banks which were the monopoly of the rich men, today are attracting common and ordinary people. The whole competition of banking business has undergone a sea-change.

Banking correspondence is of a special nature because it deals with finance. Letters have to be carefully written to protect the interest of the bank as well as its clientele. In the first place, it has to be very confidential in nature. The financial status of its clientele can be quite fluctuating owing to extraneous reasons. The interest of the client has to be protected as well as the interest of the bank. The correspondence should also be tactful. A bank cannot afford to be judgemental in issues connected with a transaction. Banks can suffer from bad debts, but it cannot afford to hastily call a client a bad-debtor. Courtesy is another important feature of banking correspondence. Banks should always look at a situation from the receiver's point of view. 'You-attitude' in letters is very important for all correspondence connected with banks.

TYPES OF BANKING CORRESPONDENCE

Any letter exchanged between bank and its clients or any other letter written by bank to any other party else for performing its banking activities is known as a bank-related letter or banking correspondence. Such banking correspondences may be of following types:

- A. Letter exchanged between bank and its clients
- B. Letter exchanged between bank and its branch office or head office
- C. Letter exchanged between two individual banks

A. LETTERS EXCHANGED BETWEEN BANK AND ITS CLIENTS

Depositors and borrowers are the prime customer of bank. For many reasons, such as opening accounts, withdrawal of deposits, transfer of money, granting loans, issuing letter of credit and so on bank exchanges various letters with its customers. Among those, the following are the most important:

- Letter relating to opening of various accounts
- Letter for issuing bank passbook and cheque book
- Letter requesting to stop payment
- Letter regarding dishonouring of cheque
- Letter for granting bank overdraft
- Letter for granting mortgage loan
- Letter for realizing principal and interest

B. LETTERS EXCHANGED BETWEEN BANK AND ITS BRANCH OFFICE OR HEAD OFFICE

The followings are the most important of this category of bank letter:

- Letter for forwarding Client's loan or overdraft proposals
- Letters relating to training, promotion, transfer, discharge, retirement, etc. of the employees of both branch and head office
- Letter written regarding branch administration

- Letter relating to forwarding recommendations for expanding branch activities.

C. LETTERS EXCHANGED BETWEEN TWO INDIVIDUAL BANKS

The followings are prominent of this category:

- Letter is written to other banks for supplying information about an approaching customer
- Letter regarding issuance of L/C info our of any expectant customer
- Letter relating to acceptance of any bill of exchange on behalf of a client.

NEED FOR IMPORT AND EXPORT CORRESPONDENCE:

Import export business is another aspect of general trade. In fact, export business also involves communication at different levels, with licensing authorities, transporters, customers, authorities and others. All correspondence has to be coordinated with speed as the watchword.

SIGNIFICANCE OF IMPORT AND EXPORT CORRESPONDENCE:

Import export business is another aspect of general trade. The only difference is that the trading is between an indigenous concern and a foreign company. Normally, these letters have to be written with an understanding of the working of the working company and the cultural milieu (environment) of the people who are responsible for that foreign company. In fact, export business also involves communication at different levels, with licensing

authorities, transporters, customers, authorities and others. All correspondence has to be coordinated with speed as the watchword.

IMPORT TRADE CORRESPONDENCES:

No country in the world produces all goods in its own land. In these various ways import and export trade is built up and a constant flow of goods from one country to another country takes place. All this traffic is facilitated through correspondence.

EXPORT TRADE CORRESPONDENCE:

The economy of a country enhances when it concentrates on exporting its products, projects and consultancy in different spheres. There are letters written by both exporter and importer on varied occasions and necessarily the contents differ suiting to the particular situation.

IMPORT TRADE CORRESPONDENCES:

No country in the world produces all goods in its own land. It has to depend on other countries for many types of good, products and commodities. It exports many goods and commodities, which are in excess of home consumption, to other countries. Even if a country can produce all goods of its requirements, the cost prices of different commodities differ because of various factors.

A particular commodity can be produced in country A at a much lower cost than in country B. It is profitable, therefore, for the country B not to go in the production of that commodity at home but to import it from country A. In these various ways import and export trade is built up and a constant flow of goods from one country to another country takes place. All this traffic is facilitated through correspondence. A good knowledge of it will always stand a businessman in good stead. A brief account of the various types of traders engaged in this work and their methods of conducting their business and the correspondence relating to it are discussed here as follows.

The agencies engaged in the import trade are the merchants, firms and joint stock companies importing goods direct. Branches or agents in India of foreign manufacturers are importing their own manufactures to supply them to the traders in the country and firms of intermediaries known as Intend Firms or Intend Houses importing for the local traders. In this country a large number of those who want to import goods have a comparatively small capital and little knowledge of foreign markets. They find it easier to get their requirements through firms who have expert knowledge of the foreign markets and are in better position to buy for their customers the right type of goods at competitive prices.

EXPORT CORRESPONDENCE:

The economy of a country enhances when it concentrates on exporting its products, projects and consultancy in different spheres. With the increased inflow of foreign exchange, a country's image and status rise high in the eyes of foreign countries. Its dual benefit of aiding import of quality goods and

services otherwise not available in that country is equally valuable. In this scenario, export business correspondence plays a major role.

There are letters written by both exporter and importer on varied occasions and necessarily the contents differ suiting to the particular situation. It will be interesting to see the difference in letters.

Compared to the domestic business correspondence, handling of the export business correspondence calls for better skill. This is in view of the fact that letters are written to those having different culture. If a damage is done by wrong communication, it is difficult to erase. If it calls for a personal visit to explain and change the opinion, the consequent foreign trip becomes expensive. In contrast, a domestic travel even to a far away town may not cost much.

STRATEGY IN EXPORT AND IMPORT CORRESPONDENCE

- Always use clear, simple and straightforward language when corresponding with a foreign buyer. Avoid poetic and artistic expressions, idioms, colloquialisms, and slang, these will confuse the buyer.
- Avoid using too many abbreviations in fax (facsimile), e-mail (electronic mail), telex (teletype exchange) and cablegram for the purpose of saving transmission costs. An abbreviation often is ambiguous and can create misunderstandings.

When to Reply

- For the established buyer, reply within 24 hours after the receipt of buyer's fax, letter, e-mail, telex or cablegram. If for some reason a fax, an e-mail or a telex reply will be sent after a few days, let the buyer knows immediately that you will respond within the next few days. However, if the buyer's demands are unreasonable, it is helpful to maintain complete silence for few days. Being silent is an intimidating tactic.
- For the prospective buyer, also reply within 24 hours if the communication is initiated by the exporter. Otherwise, please refer to the Uninvited Inquiries in International Trade below.
- The exporter must reply within the shortest possible time, but never expect the buyer to do the same.

MEANS OF REPLY

- Use fax (facsimile) or e-mail (electronic mail) in corresponding where possible. The fax is still widely used in international correspondence.
- A letter will take several days to a few weeks to reach the buyer. Sometimes a letter may be lost. A letter, however, is preferred over a fax or an e-mail for the initial contact.
- Avoid replying by telephone as there is no reference copy at both sides for future use. Moreover, the calls may often be answered by people

unfamiliar with English in a non-English speaking country and the contact person may not be available to take the calls.

MEANING OF APPLICATION LETTER:

Application Letters

An application letter is a cover letter, a sales letter, and a marketing tool all in one and it should accompany a professional resume any time a person applies for a job.

OBJECTIVES OF APPLICATION LETTERS:

Its main objective is to get the applicant in the door for an interview and must be written well enough to attract the attention and interest of the person with the power to recommend or grant one.

The scope should include compelling information that will convince the reader that the qualifications outlined in the resume are strong enough to make an applicant a candidate.

Identify Your Reader

An application letter should be addressed to the person who is in charge of screening and hiring new employees. That person's name should be placed

in the inside heading and salutation of your application. It should also be included on the top line of your envelope.

Remember that people do business with people first, businesses second. When you address your reader by name, you recognize their individual importance and value as a human being.

Establish Your Objective

The objective of an application letter is to attract the attention of an employer. It acts as a cover letter for your resume and should provide enough personal information to convince the reader to grant you an interview.

The qualifications you provide a potential employer should be included on your resume. Your cover letter should indicate that you are a suitable candidate and attract attention to your resume.

DETERMINING SCOPE OF APPLICATION LETTER:

Determine Your Scope

The scope of your application letter should include those things that are specific to obtaining your objective - convincing the reader to grant you an interview. You should be brief, but include such things as:

- A specific job titles
- A desired area of employment
- Source of job lead

- Educational background
- Work experience
- Leadership activities
- Specialized training

Remember, you are requesting an interview. Specify times at which you are available and the methods by which you can be contacted.

ORGANIZATION OF APPLICATION LETTER:

Organize Your Letter

Organizing your application letter will establish a logical order in which to present your information. You have already begun this task by establishing an objective and determining your scope. Refer back to them. Together they include much of the content that will become the body of your letter.

A simple outline will get you organized. Begin by creating a list of points that your letter will address and put them in the sequential order that will best help your reader comprehend your application. These points will become the backbone of your draft; your outline will become a checklist.

DRAFTING OF APPLICATION LETTER:

Draft Your Letter

Working from an outline is the simplest way to draft an application letter. You have already organized yourself by creating a list. Refer back to it and turn each fragment into a full and complete sentence expressing a single thought or idea.

In order that your thoughts and ideas are conveyed in a cohesive manner, write in as natural a sounding voice as possible. Try writing your draft quickly and then read it out loud. Concentrate on communicating your objective to your reader. Make sure that the scope of your letter contains all the relevant information included in your organizational list.

Keep in mind that you are writing a rough draft. For the moment you can ignore spelling, grammar, punctuation, sentence and paragraph structure. Those are technical details that you will pay attention to in the final step when you review and revise your work.

Close Your Letter

An application letter should close in a professional manner. Once your last paragraph is written, sign off between a complimentary close such as "Sincerely," or "Thank you," and your printed name.

If you are writing in conjunction with an official duty, place your title below your printed name. Additional information such as dictation remarks, notification of attachments, enclosures and copies sent to other individuals should be placed beneath the title line.

REVIEWING APPLICATION LETTER:

Review and Revise Your Application Letter

- Reviewing and revising the draft of your application letter is a final inspection, a last check to see whether your objective is clearly stated, and your scope concisely defined. Put yourself in the reader's shoes and ask whether the details are accurate and complete.
- Look for obvious errors. Check for spelling, sentence structure and grammar mistakes. Your complaint should be direct and to the point, so make sure that you have used a strong active voice.
- Keep in mind the overall cohesiveness of your letter. Look for accuracy, clarity and a sense of completeness. Ask yourself if the transitions between paragraphs are working and if your point of view, tone and style are consistent throughout the text.
- Examine your word choices carefully. Ambiguous words lead to confusion. Jargon and abstract terms may not be understood at all and affectations, cliches and trite language serve no real purpose and will obscure your objective.

- If you have not written an opening or a closing now is the time. The introduction should lead into the letter with a firm statement about the position or job you are seeking. The conclusion should provide your contact information.

SAMPLE JOB APPLICATION LETTER

Job Application Letter

Newyork, 20 may 2011

Subject: Job Application

Dear,

Daily Mail Manager

450 W. 33rd Street, New York, NY 10001

New York

With Regards,

Herewith I send an application letter and curriculum vitae in response to your advertisement in the Daily Times, Sunday, 15 May 2011

I have had experience over the past five years as marketing manager of cosmetics and hair care products at. Surya Ayu Cosmetic, Washington. In that position I'm responsible for sales in the Washington area, San Antonio, Denver, Dallas.

I realize that your resume or curriculum vitae that I submit this can not explain my qualifications in depth. Therefore, I really hope there is a chance interview, which I can explain how the potential in me and my ministry will give will be a tremendous asset for PT's Daily Mail.

Sincerely,

White Sampurna

UNIT V – COMMUNICATIONS

REPORT WRITING

Report writing is the creation of a structured document that precisely describes and examines an event or occurrence. A report is a document that is short, sharp and specially written for a particular audience and purpose. This article looks into the various features of a report, reasons for writing a report, common mistakes to avoid when writing a report and stages involved in writing a compelling report.

FEATURES OF A REPORT

Being that reports provide factual information based on decisions that were made, various guidelines are followed to ensure that a report has the essentials of an effective report.

Here are the features of a satisfying report:

- Has an abstract or summary that provides a brief synopsis of the contents.
- Has a specific purpose and target audience.
- Has clearly labeled sections and headings.
- May contain data presented in for example graphs or tables.

→ Often the text is broken up-bullet points, lists is not always continuous prose.

→ Written concisely and to the point.

→ Written formally and objectively

WHY WRITE A REPORT?

There are various reasons behind writing a report. It may be assignments at school, work or personal reasons. They include:

1. To communicate a research process clearly and in a simple manner.
2. To give a logical structure to the methods, results, and findings of research.
3. To inform the target audience of the findings and viable recommendations of the research.
4. To provide a document that would be easy to read and navigate for the reader.

COMMON PROBLEMS WITH REPORTS

When writing a report, there are various mistakes during the writing process that you should be careful not to make.

A good report should be free of:

- A weak or confusing structure of your work.
- Use of inappropriate writing style.
- Poor grammar and punctuation.
- Incorrect or inadequate referencing.
- Use of irrelevant information.
- Unnecessary use of jargon.

FIVE WAYS TO MAKE YOUR REPORT MORE EFFECTIVE

A simple arrangement should be followed to ensure you write an effective report. Below are five useful stages of report writing:

1. Read the brief or terms of reference carefully; maintaining the focus on the brief will help you keep the content of your report relevant throughout.
2. Plan; planning each section should be considered before you begin writing your work.

3. Relate your findings to the background research conducted which will help you place the results in a broader context.
4. Put yourself in the position of the reader by asking yourself if what you have written will make sense to someone else.
5. Edit and proofread your work thoroughly.

Whatever the type of report you are writing, it should be clearly structured and well written. An organized report saves your audience time as they can navigate through it with ease.

Functions of Business Reports

- **Informational-** a presentation of facts on a subject
- **Examination-** a presentation of facts with analyses and interpretations
- **Analytical-** a presentation of facts with analyses, interpretations, conclusions, and perhaps recommendations.

KINDS OF REPORT WRITING

1. Long Report and Short Reports:

These kinds of reports are quite clear, as the name suggests. A two-page report or sometimes referred to as a memorandum is short, and a thirty-page report is absolutely long. But what makes a clear division of short reports or long reports? Well, usually, notice that longer reports are generally written in a formal manner.

2. Internal and External Reports:

As the name suggests, an internal report stays within a certain organization or group of people. In the case of office settings, internal reports are for within the organization.

We prepare external reports, such as a news report in the newspaper about an incident or the annual reports of companies for distribution outside the organization. We call these as public reports.

3. Vertical and Lateral Reports:

This is about the hierarchy of the reports' ultimate target. If the report is for your management or for your mentees, it's a vertical report. Wherever a

direction of upwards or downwards comes into motion, we call it a vertical report.

Lateral reports, on the other hand, assist in coordination in the organization. A report traveling between units of the same organization level (for example, a report among the administration and finance departments) is lateral.

4. Periodic Reports:

Periodic reports are sent out on regularly pre-scheduled dates. In most cases, their direction is upward and serves as management control. Some, like annual reports, is not vertical but is a Government mandate to be periodic in nature.

That is why we have annual or quarterly or half-yearly reports. If they are this frequent, it only makes sense to pre-set the structure of these reports and just fill in the data every period. That's exactly what happens in most cases too.

5. Formal and Informal Reports:

Formal reports are meticulously structured. They focus on objectivity and organization, contain deeper detail, and the writer must write them in a style that eliminates factors like personal pronouns.

Informal reports are usually short messages with free-flowing, casual use of language. We generally describe the internal report/memorandum as an informal report. For example, a report among your peers, or a report for your small group or team, etc.

6. Informational and Analytical Reports:

Informational reports (attendance reports, annual budget reports, monthly financial reports, and such) carry objective information from one area of an organization to maybe a larger system.

Analytical reports (scientific research, feasibility reports, and employee appraisals) show attempts to solve actual problems. These analytical reports usually require suggestions at the end.

7. Proposal Reports:

These kinds of reports are like an extension to the analytical/problem-solving reports. A proposal is a document one prepares to describe how one organization can provide a solution to a problem they are facing.

There's usually always a need to prepare a report in a business set-up. The end goal is usually very solution oriented. We call such kinds of reports as proposal reports.

8. Functional Reports:

These kinds of reports include marketing reports, financial reports, accounting reports, and a spectrum of other reports that provide a function specifically. By and large, we can include almost all reports in most of these categories. Furthermore, we can include a single report in several kinds of reports.

OBJECTIVES OF REPORT WRITING

1. **Decision Making Tool:** Today's complex business organizations require thousands of information. A Reports provide the required information a large number of important decisions in business or any other area are taken on the basis of information presented in the reports. This is one of the great importance of report.
2. **Investigation:** Whenever there is any problem, a committee or commission or study group investigates the problem to find out the reason behind the problem and present the findings with or without the recommendation in the form of a report. It is another importance of report.
3. **Evaluation:** Large scale organizations are engaged in multidimensional activities. It is not possible for a single top executive to keep personal watch on what others are doing. So, the executive depends on reports to evaluate the performance of various departments or units.

4. **Quick Location:** There is no denying the fact that business executives need information for quick decision-making. As top executives are found to be busy for various purposes), they need vital sources of information. Such sources can be business reports.
5. **Development of skill:** Report writing skill develops the power of designing, organization coordination, judgment and communication.
6. **Neutral presentation of facts:** Facts are required to be presented in a neutral way; such presentation is ensured through a report as it investigates, explains and evaluates any fact independently.
7. **Professional Advancement:** Report also plays a major role in professional achievement. For promotion to the rank and file position, satisfactory job performance is enough to help a person. But for promotion to high level position, intellectual ability is highly required. Such ability can be expressed through the report submitted to higher authority.
8. **Proper Control:** Whether activities are happening according to plan or not is expressed through a report. So, controlling activities are implemented based on the information of a report.
9. **A managerial Tool:** Various reports make activities easy for the managers. For planning, organizing, coordinating, motivating and controlling, manager needs help from a report which acts as a source of information.
10. **Encountering Advance and Complex Situation:** In a large business organization, there is always some sort of labor problems which may bring complex situations. To tackle that situation, managers take the help of a report.

STRUCTURE OF REPORTS:

Reports are a common academic genre at university. Although the exact nature will vary according to the discipline you are studying, the general structure is broadly similar for all disciplines. The typical structure of a report, as shown on this page, is often referred to as IMRAD, which is short for ***Introduction, Method, Results And Discussion***. As reports often begin with an ***Abstract***, the structure may also be referred to as ***AIMRAD***.

PRELIMINARIES

There are several parts which go at the beginning of the report, before the main content. These are the title page, abstract and contents page.

→ Title page

Your report should have a title page. Information which could be included on this page are:

- the title of the report
- the name(s) of the author(s)
- your student number(s)
- name of the lecturer the report is for
- date of submission

→ **Abstract**

Many longer reports will contain an abstract. This is like a summary of the whole report, and should contain details on the key areas, in other words the purpose, the methodology, the main findings and the conclusions. An abstract is not usually needed for shorter reports such as science lab reports.

→ **Contents page:** Many reports will contain a contents page. This should list all the headings and sub-headings in the report, together with the page numbers. Most word processing software can build a table of contents automatically.

Introduction

The first section of your report will be the introduction. This will often contain several sub-sections, as outlined below.

Background

There should be some background information on the topic area. This could be in the form of a literature review. It is likely that this section will contain material from other sources, in which case appropriate citations will be needed. You will also need to summarise or paraphrase any information which comes from your textbooks or other sources.

ELECTRONIC COMMUNICATION:

The term e-communication has been widely used since the emancipation of information technology at the early phase of the beginning of the new millennium. Now-a-days modern means of technology are used widely in communicating with other parties. The use of computer devices has eased and sped up the communication takes place with the help of electronic devices like computer and other means, it is called e-communication.

MEDIA OR TYPES OF ELECTRONIC COMMUNICATION

With the revolutionary development of information technology, the world is becoming smaller and people staying at any corner are well-capable of communicating with others, whatever the distance is people and organizations use different modern devices of communication technology.

Some widely used electronic communication technologies or media of electronic communication are discussed below-

1. Telephone:

The most commonly and most widely used electronic device of communication is telephone. With its invention in 1876 by Graham Bell, a German scientist, the human civilization moved to a new era. By telephone, people can transmit information orally within a minute. Recently developed satellite telephoning

system has added new dimension in telecommunication system. In most of the cases, it is the easiest and less expensive way of communicating distance people. Now-a-days, the development and diffuse of cellular or mobile phone have been an expected euphoria to all of us. Definitely it is becoming extremely popular.

2. Telex:

Telex is an important device of modern communication technology. Under this system, a tele-printer is used by which information can be communicated from one place to another with the help of a machine. The tele-printer consists of two parts keyboard transmitter and receiver. When a message is to be sent, the typist presses a button, waits for the dial tone, dials the number desired and types the message. The message is typed on a small strip of paper at the receiver's end as it is typed in the originating office. This is one of the quickest and most accurate methods of exchanging written messages.

3. Facsimile or Fax:

The use of fax is gradually increasing for transmitting visual materials such as picture, diagrams, illustrations etc. here, the fax machine is connected with a telephonic. The document to be transmitted is fed through the machine, then it is electronically scanned and signals are transmitted to the receiving end where an identical copy of the document is reproduced on a blank sheet of paper by the receiving machine. The fax machine has made it possible to send copies of important documents including certificates, testimonials, degrees, agreements;

contracts etc. from one place to another at the speed of a telephone call. For this reason, it is universally used method of communication.

4. Electronic Mail or E-Mail:

E-mail is one of the most widely used and most popular methods of modern communication system. E-mail involves sending message via telecommunicating links. Here two computer terminals are connected together on network to transfer messages from one to another. The message is typed on a computer screen at one end and is conveyed to the other end through electric impulses. The receiver can easily get the message by opening his mailbox in his computer. Because of its various advantages, now-a-days, e-mail is used by the organizations for internal as well as external communication.

5. Voice Mail or V-Mail:

Voice mail is a form of e-mail. It is used to send the voice of the sender instead of sending written message to the receiver. The mechanism of sending message here is almost same as in case of e-mail. It is useful to communicate with the original voice tone of the sender.

6. Tele-Text:

Tele-Text is an electronic device of broadcasting written messages through television. Tele-text is widely used to present strict and concise information when

it is to be sent to a large number of audiences at a time. Business reports, stock market or exchange reports, weather reports etc. are useful to present through tele-text.

7. Videotext:

Videotext is a device of collecting and storing information. Here information is collected by using telecommunication network and is broadcasted to the audience like the tele-text. Important message or information or report can be preserved by videotext.

8. Teleconferencing:

Under teleconferencing system people staying at different places can hold talks or meetings over telephone. Here everyone involved in the meeting is able to hear each other and can share information with one another as if they were all placed in one room. It can save both money and time of the executives.

9. Videoconferencing:

Videoconferencing is the latest version of teleconferencing system. Under this method people can meet and work together without being gathered in one room. They can hear and see each other over the television or video screen and can share information with one another. Now-a-days multinational companies use videoconferencing method as a widely used means of communication in order to

keep touch with the executives staying miles away from the head office. It also saves money and time of high officials.

10.Word Processor:

A word processor is an electronic device where a computer is combined with a typewriter. It can greatly simplify the job of written communication. Typing skill, basic computer literacy and word processing software are essential for using a word processor. The operator of a word processor can easily edit the text, give it the desired format and insert or delete words phrase or sentences wherever he likes. It is a very useful medium of modern communication technology as it provides some important advantages.

11.Internet:

Internet is the latest and most amazing development that has changed the way of live regarding communication. It is the world's largest computer network linked together by telephone lines, radio links or satellite links. Internet can be used for multipurpose functions. It can be used for sending e-mail, for advertisement, for teleconferencing, for telephoning and so on.

12.Multimedia:

Multimedia is an excellent invention for upgrading the communication system. Multimedia is a combination of many media brought together to transfer

messages. These media can include graphics, photo, music, voice, text and animation. When all of these elements are placed together on computer screen, they become multimedia. It can be effectively used for advertising and publicity campaigns. It is a very powerful means of communication.

From the above discussion it is clear that the modern communication devices have given a new shape to the entire information communication system. Whatever new device is developed, the main objective behind it is to expedite communication and to save cost. It can be imagined that some unimaginable inventions may take place in future to add newer dimensions to the communication system.