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The Adopted Way in Understanding the Business Environment

Recognizing the business setting within which an enterprise functions is essential for conducting business efficiently at any location. The adopted way of doing this is by analyzing the different elements of the business environment that comprise of the legal aspects, economic aspects, technological aspects, and socio-cultural aspects.

Case Study: Transco (British Gas Company)

Transco is a gas transportation branch of British Gas plc. The top hierarchy of management is made of the corporate affairs directors, managing director, business development director, finance director, and chief operating officer.

Transco has an abundance of information due to its high-tech systems and technological capacity that enables it to operate the gas transportation network. The firm leads the competition in the commercial, domestic, and industrial gas supply industry.

Understanding Transco's Business Environment

Technological Aspects

The company has a control center that inspects and regulates gas flow through the network, flow control valves and operating compressor stations to maintain optimal gas supply to large users, power plants, and local distribution areas. Moreover, there exist countless computer simulations that ensure efficient running of its network including special operations and planned maintenance.

Legal Aspects

Although the gas industry is privatized, it is regulated. Transco is Britain's monopoly gas transporter and is licensed by the Office of Gas and Electricity Markets (OFGEM) (Business

Case Studies, 2017). Since the firm is a monopoly, it is regulated by OFGEM which ensures that it adheres to the stipulations of the Gas Acts.

Economic Aspects

The enterprise's returns are made under a price control that is chained to inflation rates and changed by an efficiency value that is determined by the body controlling its revenues (Business Case Studies, 2017). The regulation and monitoring of its profits is a short-term way of guarding the industry temporarily until there is competition.

Socio-cultural Aspects

Transco has undergone major renovations in recent years, and this has generated confusion among the public as to what the company does in the gas industry. However, the firm has been steady to ensure that the public understands its responsibility in transporting gas across Britain. Transco achieved this through a £3.75 advertising initiative that cut across various media such as the press, radio, and television (Business Case Studies, 2017).

Transco's Business Environment

External environment

These are external factors affecting the company that it has no control over (University of Tennessee, 2017). Full competition in the gas industry began in 1998, and the firm was responsible for establishing computer systems that enabled this competitive market to function (Business Case Studies, 2017). There are no apparent threats to the functioning of Transco.

Internal environment

These are factors within the corporation that impact its business operations (University of Central Florida, 2017). The top hierarchy of the firm is made up of a business development director, chief operating officer, managing director, finance director, and finance director. There

several divisions in the company: regulation/reform, human resources, licensing, and corporate projects.

My comments on the learned lessons from the case and what attracts me in that particular instance. A business environment can be regarded as the ultimate surroundings that have an indirect or direct influence on the processes of a firm (University of Florida, 2014). The business environment also implies the external factors, internal factors, demographic factors, socio-cultural factors, political factors, and technical factors that cannot be contained by the firm but influences the decisions that are made.

It is necessary to administer an analysis of the business environment for several reasons. First, the internal environment signifies the strengths and weaknesses of a company. A company should realize its weaknesses and eliminate them as soon as possible. Second, a study of the internal environment assists in establishing the strengths of a company. If a firm possesses proper policies about transfers, promotion, and training, the strengths can be known through employee performance (University of Florida, 2014). Thirdly, a company could experience threats from its competitors, and an evaluation of the threats protects the firm. Moreover, the analysis of the business environment helps in alerting the company in its activities and approaches. Fourthly, business environment reports are vital in maintaining a business's dynamism and flexibility when it comes to alterations in the environmental forces.

The relationship between Transco and its environment is a significant determinant of the threats and opportunities likely to face it. This helps to broaden new areas of development for the company's activities. Environmental assessment aids in simplifying the manager' responsibilities in tackling the challenges in the business. Moreover, it assists Transco in evaluating the

strategies of its competitors and devising methods correspondingly not forgetting its weaknesses and strengths.

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