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Illustration Essay Example: How Companies Maintain Themselves

Every corporation or business requires revenue to sustain themselves. In company portfolios, readers normally see that there are two ways the company makes money. One of the main goals of business owners is to find ways of sustaining finance amongst a time of financial jeopardy. One way is to find more stakeholders for future investments. The other way is to provide debt to consumers and earn revenue based on interest.

The portfolio acts as an important figure in a business’ on-going history and maintenance of the infrastructure. Company portfolios contain all necessary information about a business. (Schmitz) The revenue, loss, gross profit, and predicted income and loss. This goes to show that many businesses keep no secrets. Thus, many businesses urge consumers to view their information before investing their product or the company, alone. All business activity is public in a legal entity. Which brings up the topic of the role of a shareholder in a large organization.

The main thing in public limited organizations are the stakeholders. Most major companies have shareholders. They possess a high amount of revenue each year. These shareholders purchase a small amount of the company, which is around 0.5% usually. (Schmitz) That percentage is normally worth millions of dollars. This is how many companies maintain their annual income. Usually, the board of shareholders is hundreds of people. This is almost a bit like a bank loan, except the shareholder is the “loan-shark”.

A major source of income for many organizations is debt. They offer their money to banks, in which the money is given out as loans. Then, the customer’s pay interest to the bank, providing extra capital for the company. (Smith) In other words, they become indirect, legal loan providers. This is one of the main ways some companies do, in fact,
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earn their revenue. This brings up the part of the thesis which illustrates one of the ways organizations maintain finance, even during rough stages or phases. Hence, these measures are necessary for the financial growth of an organization during a small in-office recession.

In conclusion, all companies seek permanent strategies to fund themselves. Many companies release their details to the public. Making them a public limited company. Stakeholders are the main purpose of this goal. Apart from this, many large companies become indirect “loan sharks” via banks and building societies. Even when a company is in financial urgency, they will still get an income. Though, these entities are still required to conduct business activity during this time. Meaning, not all businesses can get off that easily.
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References:


Smith, Duncan, “Maintain an Organization”, Oxford University, May 5th, 2019.