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UNIT-II

Business letter – need, functions and kinds of
business letter – essential of an effective
business letter – the language of a business
letter – physics appearance –m mechanical
structure of business letter – planning the letter.

Business letter

- A **business letter** is usually a **letter** from one **company** to another, or between such organizations and their customers, clients and other external parties. The overall style of **letter** depends on the relationship between the parties concerned.

Business letter

- Business Letters are written to express good news, bad news, thanks, acknowledgement, invitation, request, Problem, denial or complaints. It is usually sent via email and bears the company letterhead.

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.

- A business letter is divided into three parts –
- **Introduction** – Opens with greetings and/or references to previous mails.
- **Middle** – Contains details and added information.
- **Conclusion** – Suggests or mentions action to be taken and the ending.
- Format of a Business Letter
- A business letter normally contains the following elements –
- **Letterhead**
- **Organization name**
- **Address**
- **Telephone number**
- **Date**
- **Reader's name (Position preferred)**
- **Address**
- **Dear Mr. /Ms. [reader's name]**
- **Your ref. id (if in use) and Subject**
- **Introduction**
- **Body**
- **Conclusion**
- **With Regards**
- **Writer's signature**
- **Name**
- **Position**

Need for Business Letters

- Need for a Business Letter
- *in BUSINESS COMMUNICATION*
- **In business, letter writing is a major thrust area of communication. The modern goal of nations for a free global trade and the need to cut across national, linguistic and cultural barriers to promote trade have made the letter an important business tool.**
- **A business letter serves certain important functions :**
- **1. A business letter acts as a representative of the organization. It is an inexpensive substitute for a personal visit. i**
- **2. It seeks to provide information on subjects connected with business.**
- **3. A business letter provides valuable evidence for a transaction and thus serves a legal purpose.**
- **4. A business letter becomes a reference material to future transactions between organizations and individuals.**
- **5. A business letter promotes and sustains goodwill.**
- **6. A business letter motivates all the people involved in a business to a higher and better level of performance.**
- **7. A business letter enlarges and enhances the business.**

Need for Business Letters

- We can elaborate each of the functions thus.
- Every organization has to continuously promote and expand its business. All information on its product and service gets updated through a business letter sent to customers and clients. It is a micro-level substitute even for advertisements. Agents and retailers in turn pass on the information to clientele spread over a large area. It promotes goodwill. New business contacts are forged and the already existing ones get reinforced. Goodwill promotes the image of an organization and gives scope for fair, ethical business values. Letters sent from an organization and received by it when classified and filed serve the purpose of reference. Precedents are available to guide future actions from files of outgoing and incoming letters. It has great archival value in helping to draw a graph of the growth or a slump in trade and business. Business letters have legal validity. In times of dispute and doubt they can provide substantial evidence to solve them. Many issues can be sorted out if mutual positions taken by transacting organizations are available through letters written by them.

Importance of Business Letter

- Letter is as an indispensable tool of communication in business. Business letters are used to sell the products, make inquiry about customers or prices of goods, seek information and advice, maintain good public relation, increase goodwill and perform a variety of other business functions. With the continuous growth of commerce and industry, usefulness and importance of business letter are also increasing gradually.

Importance of Business Letter

- Some points highlighting the benefits or importance of business letter are discussed below:
- **Exchanging business information:** Letters are the most economic and convenient means of exchanging information. With the help of letters, executives can easily exchange information with customers, suppliers, investors, government offices; regulatory authorities etc.
- **Establishing business relationship:** Business letter play important role in establishing and maintaining relationship with various parties. Business letters reduce the distance between a business and its customers, suppliers, creditors and other public groups.
- **Creation of markets:** Circular letter a form of business letter, helps to create new markets for goods and services. This letter contains information about utility, features and usefulness of the products and induces the customer to buy the products.

Importance of Business Letter

- **Substitute to personal visit:** Introduction of letters in business world relieves the business executives' from visiting their clients, suppliers, creditors and other public groups by traveling a long distance. For this reason, commercial letters are called alternative technique to personal visit.
- **Saving cost and time:** Business letters relieve the busy executives from visiting personally their clients and other concerned parties. Therefore, valuable time and costs can be saved.
- **Maintaining secrecy:** Business letters also help to maintain secrecy of information. Non one other than the sender and receiver can know the message contained in the letter.
- **Increasing goodwill:** Business letters, like inquiry letter, circular letter, order acknowledgement letter, adjustment grant letter etc help to increase good will of a business with the customers.

Importance of Business Letter

- **Formal agreement:** Business letter acts as formal agreement between buyer and seller. For example an order letter contains name of items, price, and quantity, time of delivery and mode of payment. All these are regarded as the conditions of agreement between buyer and seller.
- **Settlement of transaction:** Commercial letters have paramount importance in setting business transaction. For example, by writing claim letter, buyer can raise his claims to the seller by writing collection letters; seller can collect dues from the customers.
- **Use as reference:** Information exchanged through letters can be preserved permanently and used as reference when need arise. Therefore, making business decisions becomes easier.
- **Legal acceptance:** Business letter is an acceptable document in the eye of law. It can be stored and produced as a documentary proof.
- **Assistance in local and international trade:** Both the local and foreign trade essentially requires the help of various business letters. Through letters, businessperson make inquiry about products and prices place orders for goods collect the dues make and settle claims etc.

Functions

- **Functions of a Business letter.** **Business letters** secure, promote and maintain **business** without complications, **Business letters** serve us a reference for the future. ... All **business letters** promote goodwill and enhance the prestige and the image of the organization.

Functions of a Business letter

- Business letters secure, promote and maintain business without complications, Business letters serve us a reference for the future. Every organization should have to classify its outgoing mail and incoming mail and file them classified on the basis of their subject matter in a chronological sequence. Business letters serve to maintain the correct information of the organization in the perception of the receiver. Business letters establish and maintain contacts over a wide area truly enlarging the scope and extent of business. Business letters can be used as legal documents in disputes. All business letters promote goodwill and enhance the prestige and the image of the organization.
- We can enumerate the functions of a business letter thus :
- (a) Promotional Functions: Business organisations have to grow and enlarge, improving the quality of their products, by producing new products and providing better services. The customers have to be kept informed through letters these developments. Business organisations have to expand their market by tapping new areas. All round expansion is possible only if the organisation keeps all the people concerned well informed through letters that promote sales and service.

Functions of a Business letter

- (b) Informational Functions: Business letters provide valuable data about earlier policies, transactions and all other activities of the organisation. Modern business cannot depend on memory as in olden days. Letters are ready references if they are available. New policies can be evolved by studying the earlier ones. It is not only essential to maintain good correspondence but also more essential to make them be available in the files.
- (c) Legal Functions: Business letters can provide evidence in legal disputes, if any, that occur in a transaction. They are useful as legal documents in quotations and offers.
- (d) Goodwill Functions: Business letters promote goodwill among parties transacting business. They build a good rapport between parties in a business transaction.
- All these functions of a business letter promote sales and improve the image of the firm. So, every business letter is a sales letter if it serves the stated or implied objectives.

functions of business letter

- Every business organization has to maintain contact with its various partners like suppliers, customers, government agencies and so on. **Business letter** serves as the bridge to communicate with the various parties. The functions of business letters are multidimensional. The importance of business letter is presented below through its various functions or Objectives-
- **Building Goodwill:** Another important purpose of a **business letter** is to sell the good reputation and friendliness of a company. It acts as an ambassador of a country for the company. It aims at building goodwill in customers-company relationship, holding present customers, reviving inactive accounts and inviting customers to buy more and varied products.
- **Records and References:** Business letter are very useful as records and references of previous transactions. In business, innumerable transactions or communications occur with a large number of people that are not possible for a businessman to remember. When memory fails, business letters act as previous records and can be used for future reference.
- **Making a Lasting Impression:** In case of oral communication, the impact of any message is felt mainly during the time of hearing. And as soon as the next oral communication takes place, the effect of the previous one is reduced. But a letter makes a lasting impression on the readers' mind as it stays with them and works effectively every time it is read.
- **Building and Maintaining Business Relation:** Business letters help to build and maintain business relation among various parties like manufacturers, distributors, intermediaries, support services and consumers.
- **To Exchange Business Information:** The prime objective of a business letter is to exchange business related information between the parties involved. Most of the time business people send letters to their counter-parties containing various business information.
- **Widening the Approach:** It is very difficult to send business representatives to all the places. But a letter can be sent any place at any distance. Sometimes executives, professionals, politicians, etc. are difficult to be approached personally. But a letter can find easy access to anybody. Thus a business letter helps to widen the area of business operations and also the access to a large number of people.
- **An Authoritative Proof:** A business letter also serves the purpose of evidence. A written commitment binds the concerned parties to obey to the text of writing. A letter signed by a responsible person acts as an authoritative proof of what is said in it. It can even be treated as a valid document that can be produced as evidence in a court of law if any dispute arises.
- **Others:** Business letter also has some other functions beside the above ones. It provides legal facility, saves time, helps to increase products, demand, helps to settle transaction easily and it is accepted by all as a reliable media of communication.

functions of business letter

- Sales Efforts
- The purpose of a business letter can include introducing customers to new products. In direct mail, a form of advertising, these letters are called sales letters. The sales letter is usually mailed with a brochure and order form. While the color brochure often features a company's products, the sales letter is designed to highlight the key benefits of the products for the consumer or business customer. All introductory or sales letters must follow the AIDA (attention, interest, desire, action) principle, according to businessballs.com. The heading or letter should grab the reader's attention, interest them enough to read it, increase their desire to own the product, and prompt them to purchase it.
- Relationship Building
- Purposes of business letters also include apprising or thanking business associates or customers. For example, a cover letter sent with a report can apprise business associates about the contents of the report. These letters are often very short, with bullet points highlighting key topics discussed in the report. Thank you letters can be used by companies to thank customers for a recent order. The objective of the thank you letter is to build rapport with the customer, and remind them of the company's products or website.
- Another purpose of a business letter is to order products. This type of letter usually takes the form of a purchase order. The purchase order is a legal document between the buyer and seller that states the quantity and dollar amount of a specific order.

functions of business letter

- Selling Incentive Sales
- The purposes of business letters can include providing sales incentives for customers. Selling incentive sales letters are used to offer rebates, coupons or special deals to long-term customers. For example, a small printing company may offer a 20 percent discount to customers who have used their services for six months or longer. An alternative would be to offer the discount to customers who spend a certain dollar amount with the printer. Companies typically use selling incentive sales letters to promote existing products.
- Prevention/Solution
- Sometimes, a business must write a letter to acknowledge a complaint. This complaint could involve a customer service issue, damaged product or even an inaccurate shipment. Consequently, the company must write a letter to the customer that informs them what is being done to correct the error. Complaints can lead to potential legal problems. Therefore, it is important for companies to address customer complaints immediately.
- Considerations
- Finally, a company may write a business to a "lost customer" or someone who has not purchased products for a while, according to the Austin Business Journal. Internet, mail order and retail companies that use databases often have the ability to pinpoint these customers. Subsequently, they may write to these customers and offer them a special deal. For example, a small cell phone company may send letters to customers who have cancelled their service introducing a new monthly rate that is lower than their competition.

kinds of business lette

What are the Kinds of Business Letters?

- In the day to day operations of a business organization, a number of letters are written and received. These are classified based on the reason for which they are written and the requisition that they fulfill. It should be noted that the [business letter formats](#) may also vary based on their nature and purpose. The different types of business letters are as follows.
- Sales Letters
- Order Letters
- Complaint Letters
- Follow up Letters
- Adjustment Letters
- Inquiry Letters
- Recommendation Letters
- Cover Letter
- Leave Letters
- Request Letters
- Resignation Letters

Essentials of a Business Letter :

Few things can do greater harm to a business house than a badly-worded letter which gives a very poor impression of the organisation and its attitude to business. Grammatical mistakes, slipshod method and jerky expression reflect adversely on the reputation of a firm. On the other hand, careful handling of business correspondence, with the courteous regard for the needs of its clients, can mark the prosperity of a business house.

A letter consists of following essentials of a business letter.

(i) Letter Heading :

The heading includes the name of the firm, its postal and telegraphic address, its telephone and Fax numbers (and also the nature of its business). Mostly it is printed. In the heading, room is left for the reference number and the date of issue of the letter which should be invariably quoted in the reply and in subsequent correspondence.

(ii) Name and Address of Addressee :

This should be typed close to the left hand margin. The addressee's name and address should be given in the manner it is typed on the envelope. It is better to avoid use of the word MESSRS for a limited Company, unless it forms a part of the registered name of the firm. However, it is a common practice to use MESSRS while addressing Companies with personal names. But where the name is impersonal, use of MESSRS should be avoided. Care may be taken to address an official (Secretary, General Manager, etc.,) while writing to professional societies, local authorities, charitable institutions, etc.

(iii) Salutation :

This should come immediately beneath the recipient's address, close to the left hand margin. SIR should be used for all Government correspondence and for very formal business letters. However, DEAR SIR or DEAR SIRS is the most widely used salutation in commercial correspondence. The salutation GENTLEMAN is not widely used in ordinary business correspondence. This is mostly used when an employee addresses his Board of Directors or Chairman.

Essentials of a Business Letter :

- **(iv) Introductory Paragraph :**

It should contain a reference to the previous correspondence. Sometimes it begins with REGARDING – (SUBJECT). But in ordinary business letters this practise should be avoided and it should be put to use only in legal matters.

- **(v) Body of the Letter :**

Among the essentials of a business letter, body of the letter is the core thing. A business letter should, as a matter of rule, be brief and precise. If it deals with one fact or item, one paragraph should suffice. If several points are required to be touched upon, a separate paragraph may be given on every new idea. But the paragraphs must be logically arranged.

- **(vi) Closing paragraph :**

It should be worded in a forceful and convincing style. Because it is in this paragraph that the whole argument is summed up. Ordinarily, the letters should end with a courteous phrase expressing hope for a formal reply or assuring the addressee of the best of attention.

Essentials of a Business Letter :

- **(vii) Subscription :**

The salutation and subscription must always agree in style. You cannot start a letter formally and end it informally. The most popular subscription in business letters is YOURS FAITHFULLY, though YOURS TRULY can also be used for partly or wholly informal letters. But YOURS SINCERELY is used for personal letters beginning with DEAR.

(viii) A good letter must ensure :

Clarity of thought :

Arrange the words and sentences in such a manner as to convey the exact meaning and nothing else. You should, therefore, be choosy in words and avoid all ambiguity. Redundant words or purple phrases are quite out of place in a business letter which rather create an adverse effect on the readers. Inconsistency of thought and illogical statement must be carefully avoided, because it results in hotchpotch and defeats the purpose of business.

Forcefulness :

Forcefulness is as important as lucidity. In ordinary routine correspondence it is not necessary, but in a business letter it makes a difference between securing a client and losing him. A forceful and convincing statement makes a difference between securing a client or losing him. A forceful and convincing statement makes an appeal to the emotions of the reader who makes more than a usual attempt to some understanding with the correspondent.

standard format of any business letter:

- **Letterhead:** Most companies have a specific letterhead that you will need to type letters on. This may make it necessary to adjust the margins so that words are not printed onto the letterhead area.
- **Name and address:** Always try to have the name of someone that the letter should go to, even if you have to call to find it out.
- **Date:** This is the date that the letter was written. It should be written out, such as January 15, 2018.
- **Reference:** This gives a short description of what the purpose of the letter is. For example, one might write "lost invoice" or "account number 23654" or something like that.
- **Salutation:** If you do not know the person, use a more formal one, such as Dr. Brian Lowden.
- **Subject matter/body:** Single-space and left justify for modified block and block style letters. Have one blank line between paragraphs. The first paragraph should have a friendly opening and state the purpose of the letter. The subsequent paragraphs should support the purpose you stated in the first paragraph.
- **Closing:** This should be "thank you," "sincerely," or something similar.
- **Signature:** This is the actual signature of the person the letter is from, which may be different from the person who wrote the letter.
- **Typist initials:** These are the initials of the person who typed the letter. These are not the initials of the person who it is from. If they are both the same person, then this line is not necessary. Usually the first initials would be that of the writer, and the second initials are of the typist and are in lowercase. For example: JW/sc.
- **Enclosures:** List here anything else you may be sending, such as a brochure, samples, etc.