

ENTREPRENEURS: Who are they?

What common characteristics do they have?

1. Why do new ideas come about?

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How?

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THEME1 INVESTIGATING A SMALL BUSINESS

3.AIMS & OBJECTIVES

Financial Aims & objectives

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Non Financial Objectives

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Why differ between businesses?

It could depend on

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AVAILABLE FINANCES

SHORT TERM VS

LONG TERM AIMS &
OBJECTIVES

ECONOMY

TECHNOLOGY

DYNAMIC

COMPETITION

LEGISLATION

STAKEHOLDERS

4. Why does Cash matter?

❖ During start up?

❖ During growth?

Why is cash important to a business?

How should cash be managed?



RISKS

&

REWARDS

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Role of Enterprise

* To produce goods and service

* To Meet Customer needs

*To add value:

- a) .
- b) .
- c) .
- d) .
- e) .

Role of Entrepreneurship

* Organise Business resources

* Make Decisions

*Take Risk

2. CUSTOMER NEEDS

- Price
- Quality
- Choice
- Convenience
- Design

2. Market research : Purposes

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2.Primary Mkt research

Egs

Ads

Disads

2.Secondary Mk res

Egs

Ads

Disads

2.Qualitative vs Quantitative data

2.Importance of accuracy and reliability of data

6. Location

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The nature of business activity
& impact of e-commerce:

2.Market Segmentation

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Benefit of market
segmentation:

2.Market Mapping

2.Competition's strengths &
weakness and how to
compete:

The role and importance of a Business plan:

Business Plan

1. Business Idea
2. Target Market
3. Aims & Objectives
4. Forecast revenues, Costs, Profit & cashflow
5. Sources of Finance
6. Location
7. Marketing Mix

4.Break – even graph & Formula

Margin of safety:

4. Cashflow forecasts;

NCF

Closing Balance :

What does the Closing balance become?

How can a business improve its cashflow?

4. Cashflow forecasts;

NCF

Closing Balance :

What does the Closing balance become?

How can a business improve its cashflow?

5. Sources of Finance

Short –term methods of finance:

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Long –term methods of finance:

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<div>Types of ownership start – up and small Business (plcs are considered for theme 2)</div>	<div>7. Marketing Mix</div> <div>P</div> <div>P</div> <div>P</div> <div>P</div> <div>How do you balance the MM in a competitive environment?</div> <div>What is the impact of changing consumer needs on the MM?</div> <div>The impact of Technology on the MM?</div>	<div>THEME1 INVESTIGATING A SMALL BUSINESS 2</div> <div><div>Stakeholders & their objectives</div><div>* * * * * * * *</div><div><input type="checkbox"/> How stakeholders are affected by business:</div><div><input type="checkbox"/> How stakeholders impact business activity</div><div><input type="checkbox"/> Possible conflict between stakeholder groups:</div></div>	<div>Technology & Business</div> <div><div>E Commerce</div><div>Social Media</div><div>Digital Communication</div><div>Payment Systems</div></div> <div>How technology influences business activity:</div> <div><div>Sales</div><div>Costs</div><div>Marketing Mix:</div><div>Business responses to changes in technology:</div><div></div></div>
<div>Partnership</div> <div>Benefit s</div> <div>Disadvantages</div>		<div>Private limited company</div> <div>Limited liability</div> <div>Shareholder</div> <div>Benefit s</div> <div>Disadvantages</div>	<div>Legislation:</div> <div><div>Consumer</div><div>Employment legislation</div><div>Health & safety</div><div>Equality</div></div> <div>The impact of legislation on Business:</div> <div>Advantages</div> <div>Disadvantages</div> <div>Business responses to changes in legislation</div>
<div>Franchises</div> <div>Advantages</div> <div>Disadvantages</div>		<div>4& 5 Interest rate calculations:</div>	<div>The Economic climate & Business</div> <div>What is the impact on the business or customers of changes in :</div> <div><div>❖ Unemployment</div><div>❖ Consumer Income</div><div>❖ Inflation</div><div>❖ Interest rates</div><div>❖ Government taxation</div><div>❖ Changes in Exchange rates</div></div> <div>Business responses to changes in the economic climate:</div>

Changes in aims and objectives

Why business aims change – give examples of :

- ◆ Market Conditions
- ◆ Technology
- ◆ Performance
- ◆ Legislation
- ◆ Internal Reasons

How business aims & objectives change:

- ◆ Focus on survival or growth
- ◆ Entering or exiting markets
- ◆ Growing or reducing the workforce
- ◆ Increasing or decreasing the product range

Ethics, the environment & Business

- How do ethical considerations impact on business?
- How do environmental considerations impact on business?
- What is the impact of pressure group activity on business?

Impact of Globalisation
Over the past 50 years, international trading has become more common.

Impacts on UK Businesses:

- Imports
- Exports
- Changing Business location
- Multinationals

Barriers to International Trade

- Tariffs
- Trading blocs

How businesses compete internationally:

- Internet & e-commerce
- Changing the Marketing Mix

Financial Performance

	Revenue	£000s	800
Less	Cost of Goods Sold	(500)	
Equals	GROSS PROFIT	?	
Less	Other Operating exps	(100)	
Equals	NET PROFIT	?	
GPM =	GP	x100	NPM= NP
	Revenue		Revenue
ARR =	Average Annual Profit	100	
	Cost Of Investment		

THEME2 BUILDING A BUSINESS 1



Growing a business is especially important when the market you are in is growing. Without growth, your firm becomes less significant and may struggle to maintain market share, especially if retailers no longer wish to sell your brand.

Internal (organic growth)

Why is it the safest method?

How is it funded ?

For Kit-kat – give examples of :

- New products:
- Innovation
- R&D
- New markets :
- Geographically
- Using technology
- Using MM

Challenges :

External (organic growth)

- Merger
- Take over

Advantages

Disadvantages :

Financing Growth

Why is additional finance required to grow?

Internal Finance:

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External Finance

- *Loan Capital
- *Share Capital
- *Become a plc

Advantages

Disadvantages

It could depend on

ECONOMY

OWNERSHIP

GLOBAL COMPETITION

FINANCIAL
PERFORMANCE
& DEBT

TECHNOLOGY

SHORT TERM VS
LONG TERM AIMS &
OBJECTIVES

LEGISLATION

STAKEHOLDERS

ETHICS

ENVIRONMENTAL CONCERNS

ECONOMIES OF
SCALE

RELATIONSHIP WITH SUPPLIERS

INVESTMENT PRPOSALS

Understanding Business Performance

Give the use & limitations of each:

- Line graphs, bar charts & Pie charts
- Financial data
- Marketing data
- Market Data

Making Marketing Decisions – The Marketing department create demand

PRODUCT- needs to match **TARGET MARKET** so identify the priorities of target customers:
THE DESIGN MIX



Helps the business make decisions in what mix of the 3 priorities its target market expects to see from the product.

PRODUCT DIFFERENTIATION

How could you make your product seem different from rivals?

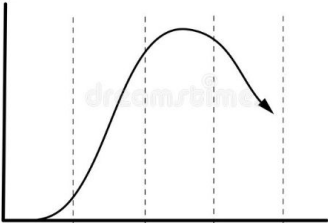
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☐ Will this help develop loyalty?

☐ Will tis give you freedom over your price?

THE PRODUCT LIFE CYCLE

Label the axes & stages:



☐ Why is the mature stage so important ?

☐ Which extension strategies could help a business?

PRICING STRATEGIES

How do the following influence prices?

- o Technology
- o Competition
- o Market Segments
- o Product Life Cycle

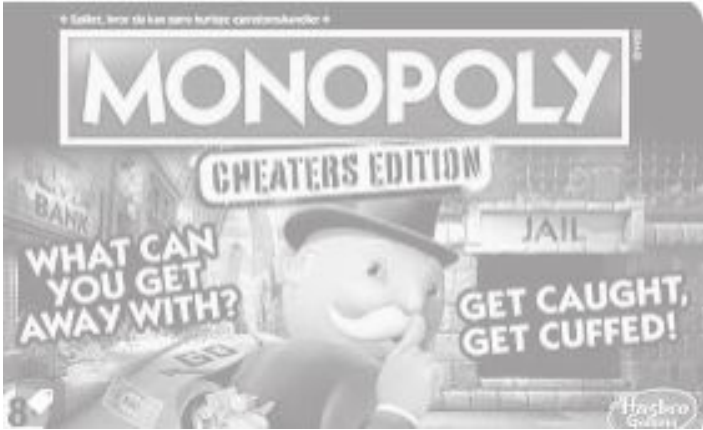
How will your price compare with your production volumes ?

What pricing strategies are you aware of?

How can changing the price affect volume?

How can changing eth price impact profit margin?

THEME2 BUILDING A BUSINESS 2



How has Monopoly used extension strategies & technology over time?

PLACE

What are the 3 main methods of distribution? & what are the advantages & disadvantages of each method?

- Ads & disads
- Direct
 - Retailer
 - E-tailer

PRMOTION

How do these link to Market segmentation?

- ☐ Advertising
- ☐ Sponsorship
- ☐ Branding
- ☐ Product Trials
- ☐ Special offers

How can technology be used in Promotion?

- ☐ Targeted online
- ☐ Viral social media advertising
- ☐ E- newsletters

USING THE MARKETING MIX TO MAKE BUSINESS DECISIONS

What is the impact if of each P on the other p's?

- ☐ Product
- ☐ Price
- ☐ Promotion
- ☐ Place

How can the Marketing Mix build competitive advantage & implement decisions?

- ☐ Product
- ☐ Price
- ☐ Promotion
- ☐ Place

Making Operational Decisions

The operations part of the business is responsible for ensuring that customers produce and deliver the products or services customers want to buy.

PRODUCTION PROCESSES

Give examples & advantages & disadvantages of each :

☐ **JOB PRODUCTION**

☐ **BATCH PRODUCTION**

☐ **FLOW PRODUCTION**

What impact does Technology have on ?

- ◆ **Production Costs**
- ◆ **Productivity**
- ◆ **Quality**
- ◆ **Flexibility**

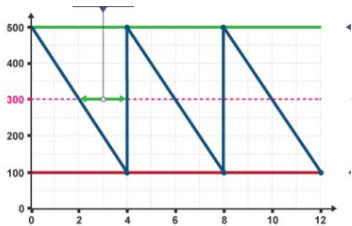
- JIT**
- Describe what JIT is & how much buffer stock is held?
 - What are the advantages of JIT?
 - What are the disadvantages of JIT?
 - What is important for working with suppliers?

WORKING WITH SUPPLIERS

What happens if businesses have :

- Excessive stock?
- Insufficient stock?

Label the bar stock graph:

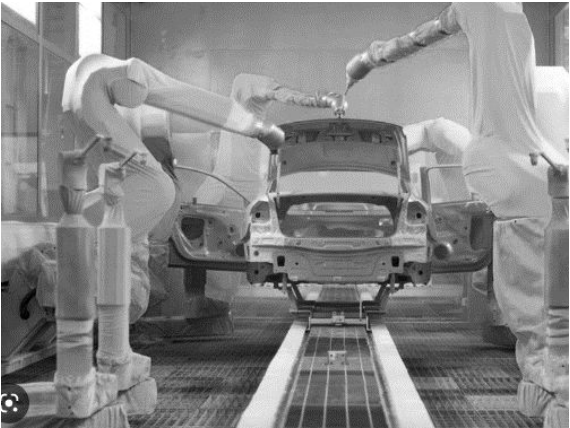


Working with Suppliers

What is important for the relationship with suppliers and why?

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THEME2 BUILDING A BUSINESS 3



How has Technology impacted production? Consider productivity, efficiency & economies of scale.

What is CAD & CAM?

LOGISTICS & PROCUREMENT

What is the impact of logistics on supply decisions?:

- Costs
- Reputation
- Customer satisfaction

What is the impact of Procurement finding the right materials & supplies on:

- Efficiency, Quality, Flexibility
- Reliability, Cost & Trust

MANAGING QUALITY

What are the 2 methods of checking quality ?
What are the advantages & disadvantages of each ?

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SALES PROCESS

What are the 5 stages of the Sales Process?

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Why is effective customer service so important to gain a competitive advantage and what is the risk of poor customer service?

Making Human Resource Decisions

ORGANISATIONAL STRUCTURES

What are the two types of Organisational structure and advantages & disadvantages of each?

Ads & Disads

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What are the two ways in which decisions can be made and what are their benefits & drawbacks?

Benefits & drawbacks

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DIFFERENT WAYS OF WORKING

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- What is the difference between Permanent, temporary & freelance contracts?

What is the impact on technology on how we work?

☐ Technology & efficiency

☐ Technology & remote working

COMMUNICATION

Why is effective communication important for a business?

What are the consequences of insufficient communication?

What are the consequences of excessive communication?

What can be barriers to effective communication?

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RECRUITMENT

What are the advantages & disadvantages of: Internal Recruitment

External Recruitment

Name 5 documents used during the recruitment process :

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THEME2 BUILDING A BUSINESS 4

ROLES & RESPONSIBILITIES

Rank these 3 types of roles from least to most responsibility :

- Supervisor / team leader
- Director
- Operational and support staff
- Senior Manager
- Can you describe what sort of tasks they do / manage?

TRAINING & DEVELOPMENT

Name the 4 types of training and when is each suitable?

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Why is it important to train and develop employees ?

How can it help retain employees ?

Why should employees be set targets and have performance reviews?

Why is retraining needed to use new technology?

Well motivated workers → high productivity → increased out put → higher profits



MOTIVATION

Having staff who want to work, want to do the best job possible and are committed to the success for the business can lead to:

- Higher productivity
- Attracting the best employees
- Lower staff turnover
- Lower recruitment costs
- Better quality from production or service
- More ideas from staff

FINANCIAL METHODS OF MOTIVATION

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NON FINANCIAL METHODS OF MOTIVATION

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Unhappy workers → do not work effectively → low output → lower / no profit

