BUSINESS: Creating informed, discerning employees, consumers and future leaders

## **Topic 2.4.2 Understanding Business performance**

### **Key Vocabulary**

**Line graph** – shows data represented as lines, making it easy to identify trends

**Bar graph** – data represented so that the height of the bar represents the quantity involved. Good for making comparisons

**Pie chart** – shows data represented in a circle, with each slice of the pie representing a proportion of the whole, e.g. market share

## **Core Knowledge**

Data can be figures or visually represented. The most common types of visual representation are graphs.

	Line graphs	Bar charts	Pie charts
Pros	Good for data shown	Good for data over 2-3	Good for showing
	over many time periods	time periods	proportions
	and for comparisons	Good for comprising	
	with how one factor	size / number of serval	
	affects another	different items	
Cons	Too many lines can be	Cannot be easily used	Show big differences
	confusing	to compare data over	clearly but not small
	Assumptions can be	many time periods	differences
	made about trends		Cannot show trends
	continuing		over a number of years

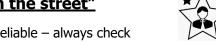
A business can use a variety of data:

- Financial data profit margins, profit levels, ARR, break-even point, cash flows
- Marketing data analysis of sales figures, market research data
- Market data analysis of data such as market size, changes in market size, figures for difference segments

#### Limitations of data:

- A need to understand why trends are happening and the causes of these trends
- Bias can be in place when interpreting data
- Some numbers will be estimates not facts

## Don't be a "man on the street"



- Remember that data may be biased or unreliable always check the source
- One set of data along is not much help a business will need to compare to previous years or competitors to put the data into context
- Financial data alone is not the whole picture consider what external factors may have caused a change, as well as HR and Marketing data
- Don't confuse market data and marketing data

## **Wider Business World**

**Government** – use line charts to show changes in taxation, inflation etc; pie charts to show how taxation is distributed





# Business calculations – profit

and profit margin calculations — profit and profit margin calculations can be used to access financial performance

**HR** – data on staff retention and performance can be used

**Operations** – productivity and quality data can also be measures of performance

**Marketing** – data on sales figures and market research

**External influences** – economic factors may affect a business performance

**Aims** – the importance of each measure can be different depending on the aims of the business