








Topic	Visual	Subject Content				
1.1 Enterprise and entrepreneurship		<ul style="list-style-type: none"> ➤ Understand why new ideas come about- due to changes in technology, changes in consumer wants, products being obsolete e.g. cassette player ➤ Understand how business ideas come about- adapting existing ideas, by invention, by innovation ➤ The impact of risk and reward- failure/ financial loss/, success/profit/independence ➤ The role of enterprise and the purpose of business activity- produce goods/services, meet customer needs, to add value 				
1.2 Spotting a business opportunity		<ul style="list-style-type: none"> ➤ Meet customer needs- quality, price, choice, convenience ➤ Market research- identify and understand customer needs, identify gap in the market, reduce risk, inform business decisions ➤ Primary research- collected first hand e.g. survey, questionnaire, focus group ➤ Secondary research- collected second hand e.g. Internet, market reports ➤ Qualitative data- written data which gives opinions ➤ Quantitative data- numerical data which is easy to compare ➤ Market segmentation- breaking down market based on characteristics e.g. age, gender, income, location, interests 				
1.3 Putting a business idea into practice		<ul style="list-style-type: none"> ➤ Objectives must be SMART (specific, measurable, achievable, realistic, time) ➤ Financial aims- survival, profit, sales, market share, ➤ Non-financial aims- personal satisfaction, challenge, independence, control <table border="1" data-bbox="653 751 1831 908"> <tr> <td data-bbox="653 751 942 908"> $\text{Profit} = \text{Revenue} - \text{Costs}$ $\text{Revenue} = \text{SP} \times \text{Q}$ $\text{Costs} = \text{FC} + \text{TVC}$ </td> <td data-bbox="942 751 1232 908"> $\text{Break-even point} = \text{FC} / (\text{SP} - \text{VC})$ $\text{Margin of safety} = \text{Actual sales} - \text{Break-even point}$ </td> <td data-bbox="1232 751 1522 908"> $\text{Net cash flow} = \text{inflows} - \text{outflows}$ $\text{O/B} = \text{C/B} - \text{NCF}$ </td> <td data-bbox="1522 665 1831 908"> <p>Short-term</p> <p>Overdraft, trade credit</p> <hr/> <p>Long-term</p> <p>Personal savings, venture capital, share, loans, retained</p> </td> </tr> </table>	$\text{Profit} = \text{Revenue} - \text{Costs}$ $\text{Revenue} = \text{SP} \times \text{Q}$ $\text{Costs} = \text{FC} + \text{TVC}$	$\text{Break-even point} = \text{FC} / (\text{SP} - \text{VC})$ $\text{Margin of safety} = \text{Actual sales} - \text{Break-even point}$	$\text{Net cash flow} = \text{inflows} - \text{outflows}$ $\text{O/B} = \text{C/B} - \text{NCF}$	<p>Short-term</p> <p>Overdraft, trade credit</p> <hr/> <p>Long-term</p> <p>Personal savings, venture capital, share, loans, retained</p>
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1.4 Making the business effective		<ul style="list-style-type: none"> ➤ Unlimited liability- liable for all debts of the business, high risk (Sole trader + Partnership) ➤ Limited liability- only liable for the money invested into the business, low risk (Limited companies- PLC/LTD) ➤ Franchise- a franchisee buys the rights to trade under the name of the franchisor in return for initial fee and royalties. ➤ Location factors- footfall, competition, availability of labour/resources, infrastructure, parking, costs. ➤ The marketing mix- the price of the product, the features of a product, the place it is sold and how it is promoted. ➤ Business plans- needed to obtain finance from an external source (market research, finance, aims, target market) 				
1.5 Understanding external influences on business		<ul style="list-style-type: none"> ➤ Stakeholder- a group who has an interest in a business (owner, customer, employee, supplier, government, ➤ Legislation- the laws and regulations governing businesses. (Consumer- quality and consumer rights/ Employment law- recruitment, pay discrimination, health and safety) ➤ Economy- impact from the 2008 recession (unemployment, inflation, interest rates, exchange rates, EU) ➤ External environment (PEST)- political, economic, social, technological 				

1.1.1 The Dynamic Nature of Business

Key Terms:
Enterprise: A business or company, can also mean entrepreneurial activity
Entrepreneur: Someone who creates a business, taking on financial risks with the aim of making a profit from the business
Consumer: Someone who buys and uses goods and services
Customer: Someone who buys goods and services
Obsolete: Out of date and not used anymore
E-Commerce: Using the internet to carry out business transactions
M-Commerce: Using mobile technologies to carry out business transactions
Social media: Websites that allow users to interact with other users

Businesses exist to provide goods or services	
Good	Service
	

1.1.2 Risk and Reward

Key Terms:
Risk: The possibility that an enterprise will make lower than anticipated profits or experience a loss
Financial Reward: The money that an entrepreneur or investor receives when a business succeeds
Market Research: The process of gathering information about the market and customers' needs and wants
Revenue forecast: A prediction of future revenue based on expected sales; this is either a judgement or based on previous sales patterns
Cash Flow: The amount of money coming and going out of a business
Sales Revenue: The amount of money that comes in from selling a product or a service
Investment: Putting money into a business with the intention of making a profit
Start-up: A new business, usually with only a small number of employees (possibly only 1)
Intuition: Knowing something instinctively or understanding something without conscious thought

How do new business ideas come about?



Type of change:	Explanation:
New technology	Ideas for new products might come about due to advances in technology. Computers, smartphones, digital cameras and so on, are all examples of products where new technology is constantly allowing new products to be developed and launched for sale.
Change in consumer wants	Fashions and consumer tastes are always changing. As well as the more obvious areas of clothing, designs will also change in areas such as cars, furniture, buildings and many more consumer goods. There are also new trends in terms of healthy eating, fitness and specialist types of holidays.
Products and services becoming obsolete	Over time products become outdated as new products are developed, which is often linked to changes in technology. Other reasons for products becoming obsolete are changes in the economy, for example increased wealth will decrease demand for inferior products, such as supermarket value products and bus travel.

- Adapting an existing product to keep up with trends
- Create a new product to meet new trends



Key Questions to ask

- How can I improve a product or service?
- Can I do this better than an existing business?
- Is there a gap in the market that I can fill?



Risk can mean several things:

- the chance of loss or damage
- the probability that something goes wrong, leading to a loss
- when a hoped-for outcome does not happen



How do you reduce risk?

Plan, research, be cautious, finance with care, avoid costs, Protect, monitor and review

Rewards from enterprise

Sense of satisfaction, building something from scratch, being in control, making the first sale, opening in a new location, employing new people, getting an industry award, getting great feedback, having happy customers, money!



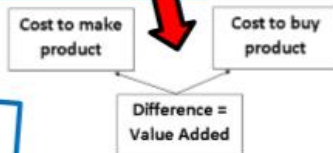
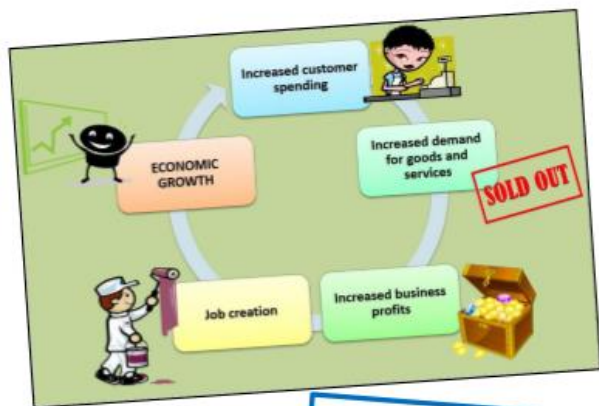
Poor management
Poor market research
Sales lower than expected
Start-up costs too high
Unexpected shocks
Too reliant on a small number of customers
Poor quality

NOTES:

1.1.3 The Role of Business Enterprise

Key Terms:

- Stakeholder:** Anyone who has an interest in the activities of a business
- Ethics:** The moral principles or standards that guide the behaviour of the business of a person.
- Values:** Standards of behaviour or moral principles
- Loyalty:** Supporting something or someone
- Unique Selling point (USP):** Something that makes a product stand out from its competitors
- Economy:** The system by which a country's money and goods are produced and used.



What is an entrepreneur?
"someone who takes a calculated risk through starting a business."

I am an innovative, risk taking, hardworking, organised, determined, persuasive, multitasking entrepreneur



Why do entrepreneurs start their own business?
 Financial Reasons: Making Profit – Investing Money
 Non-financial Reasons: Work Life Balance, Skills and Interests, Being their own Boss

1.2.1 Customer Needs

Key Terms:

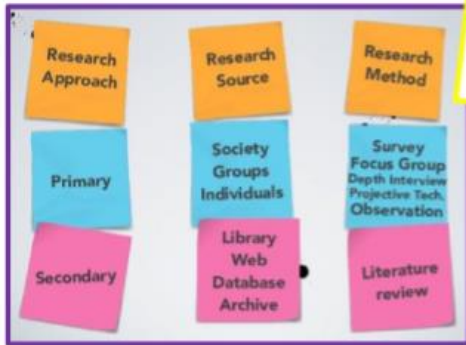
Convenience: A product or service's ability to fit in with a consumer's lifestyle, the ease in which it can be used how easy it is to acquire

Customer Needs: The wants and desires of buyers of a product or the customers of a business.



providing the right product, of the right quality, at the right price,
at the right time, in the right place

How do we find out what our customers want?



QUANTITATIVE



QUALITATIVE

Purpose of Market Research: Identify a gap in the market, promotion, knowing your customers, knowing demand.

Limitations of Market Research? Accuracy - usually only a sample is used, bias, could be out of date.



1.2.2 Market Segmentation

Key Terms:

Segmentation: The process of breaking something into small parts.

Demographics: Relating to the structure of the population



What are the benefits?

- Better matching of customer needs
- Better opportunities for growth
- More effective promotion
- Gain a higher share of the market



How do we segment a market?



Limitations of market segmentation

- Lack of information and data
- Difficulty in measuring and predicting consumer behaviour
- Customer segments could be hard to reach once identified



Market Mapping

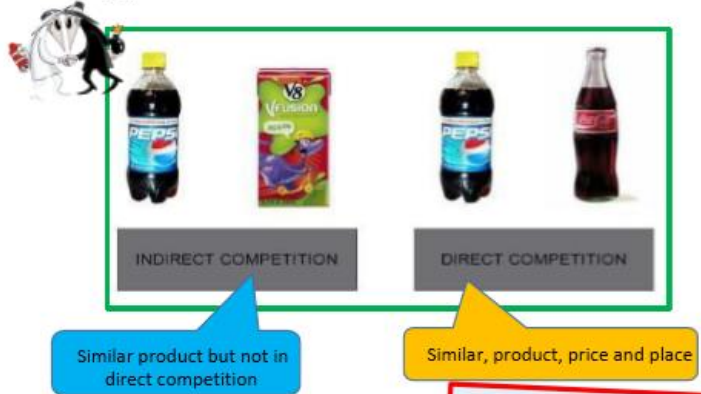
- High price v low price
- Basic quality v high quality
- Low volume v high volume
- Necessity v luxury
- Light v heavy
- Simple v complex
- Lo-tech v high-tech
- Young v old

Is there a gap in the market for your product?
Where are customer needs not being met?

1.2.3 The Competitive Environment

Key Terms:

SWOT Analysis A study undertaken by a business to identify the strengths, weaknesses, opportunities and threats of a business.



Why monitor your competition?



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