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Theme 1 - part 1

Enterprise and entrepreneurs

Purpose of business activity

- adding value
  - USP
  - quality
  - branding
  - conveniece
  - design
- producing goods and services
- meeting customer needs

Risk and reward

- risks
  - business failure
  - financial loss
  - lack of security
- rewards
  - business success
  - profit
  - independence

Dynamic nature of business

- why new ideas?
  - replacing obsolete products
  - change in technology
  - change in consumer wants
- how to get new ideas?
  - original idea
  - adapt existing product

Spotting a business opportunity

market segmentation

- market mapping
  - shows gaps in market
  - shows competition
- market segments
  - location
  - lifestyle
  - age
  - demographics
  - income

Customer needs

- what are consumer needs?
  - quality
  - price
  - convenience
  - choice
- meeting needs = higher sales and business survival

Market research

- purpose
  - to understand customer needs
  - identify gap in market
  - inform decisions
- methods
  - primary
    - observation
    - survey
    - questionnaire
    - focus group
  - secondary
    - internet
    - market reports
    - government reports
- data
  - quantitative and qualitative
  - importance of reliable data
  - using social media to collect data

Competitive environment

- analysing competition
  - product range
  - location
  - price
  - quality
  - customer service
- competitive market
  - lower prices
  - consumer choice
  - easy to set up new business
- monopoly market
  - hard to set up ("barriers to entry")
  - limited consumer choice
  - high prices

Putting an idea into practice

Revenue, costs and profit

- interpreting break even charts
  - margin of safely
  - break even output
  - profit or loss
- impact of changes
  - price
  - variable cost
  - fixed cost
- Definition and calculations
  - interest
  - total cost
  - total revenue
  - total variable cost
  - profit
  - break even output
  - margin of safety

Cash and cash-flow

- importance of cash
  - avoiding insolvency
  - paying suppliers / wages
- calculations
  - net cash flow
  - opening balance
  - closing balance

Sources of finance

- long-term sources
  - retained profit
  - share capital
  - personal savings
  - loans
  - venture capital
  - crowd-funding
- short-term sources
  - overdraft
  - trade credit

Business aims and objectives

- financial aims
  - financial security
  - market share
  - profit
  - sales
  - survival
- non-financial aims
  - independence
  - control
  - challenge
  - personal satisfaction
  - social