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

KNOWLEDGE ORGANISER

Topic 2.1 Growing the Business

Key Vocabulary

Innovation – bringing a new idea into the market.

Inorganic (external) growth – growing by buying another business or by merging with another business of roughly equal size.

Organic (internal) growth – growth from within the business, such as creating and launching new successful products.

Takeover – obtaining control of another business by buying more than 50% of its share capital.

Research & Development – the scientific research and technical development needed to come up with successful new products.

Flotation – listing a company on the stock market, allowing the public to buy shares.

Public Limited Company (PLC) – a company with at least £50,000 share capital that can advertise its shares to outsiders.

Entering new markets – when a company decided to open up in a market it hasn't been before.

Exiting markets- choosing to leave a market, probably because it was loss making.

Objectives / aim – a goal a business wants to achieve

Survival – the main objective of a business when it starts trading.

DO I UNDERSTAND THIS TOPIC?			
Topic 2.1.			
2.1.1 Business Growth			
• Understand different methods of business growth and their impact: • Internal (organic) growth: new products (innovation, research and development), new markets (through changing the marketing mix or taking advantage of technology and/or expanding overseas) • External (inorganic) growth: merger, takeover. • The types of business ownership for growing businesses - public limited company (plc) • Sources of finance for growing and established businesses - internal sources: retained profit, selling asset External sources: loan capital, share capital, including stock market flotation (public limited companies).			
2.1.2 Changes in business aims and objectives			
• Why business aims and objectives change as businesses evolve - in response to: market conditions, technology, performance, legislation, internal reasons. • How business aims and objectives change as businesses evolve: • Focus on survival or growth - entering or exiting markets, growing or reducing the workforce, increasing or decreasing product range.			

Wider Business World

Apple – great example of business that continually adapts products to meet changes in the market

Iceland – changed from frozen only foods to non-frozen and non-food goods because this is what consumers want when they shop

Thomas Cook- Blame their failure on how we are now taking holidays- no more package holidays which meant big losses

Morrisons – taken over by an American company at a value of 6.3billion.

Hovis – taken over by a British equity firm – Endless.

John Lewis – enters a new market by planning to build 10,000 rental properties. Diversification from what it originally set up to do.