

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

KNOWLEDGE ORGANISER

Theme 2 – Building a 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.

DO I UNDERSTAND THIS TOPIC?



Topic 2.1. Growing the Business

2.1.3 Business and Globalisation

- The impact of globalisation on businesses:
- imports: competition from overseas, buying from overseas
- exports: selling to overseas markets
- changing business locations
- multinationals.

Barriers to international trade:

- tariffs
- trade blocs.

How businesses compete internationally:

- the use of the internet and e-commerce
- changing the marketing mix to compete internationally

2.1.4 Ethics, the environment and business

The impact of ethical and environmental considerations on businesses:

- how ethical considerations influence business activity: possible trade-offs between ethics and profit
- how environmental considerations influence business activity: possible trade-offs between the environment, sustainability and profit
- the potential impact of pressure group activity on the marketing mix.

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.