

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

Key Vocabulary

Business – an organisation that seeks to satisfy the needs and wants and wants of consumers through the production of goods and services

Dynamic – continual change

Consumer – the end user of the product or service

Obsolete – outdated; a product that has declining sales or come to an end

Entrepreneur – an individual who comes up with a business idea and is willing to take a risk to develop it

Risk – something bad / negative that could happen

Reward – something good / a positive effect

Financial – related to money

Non-financial – non-money related

Profit – what a business has left from its income after paying all of its costs

Goods – physical items that a business can produce or sell

Services – non-physical products; things that you can experience, e.g. a haircut

Needs – the essential products that consumers need to survive e.g. food, water, shelter, clothing, warmth

Wants – anything that is not a basic need. Often referred to as luxuries

Customer – the person who buys the product

Consumer – the person who is the eventual user of the product

Adding value – adapting a product so that the selling price is higher than the cost of creating the product

USP – Unique Selling Point

Factors of production – resources needed to produce goods and service: land, labour, capital, enterprise

KNOWLEDGE ORGANISER

Theme 1 – Investigating Small Business

DO I UNDERSTAND THIS TOPIC?



Topic 1.1 Enterprise & Entrepreneurship

1.1.1 Dynamic Nature of Business

Why new ideas come about?

- Changes in technology
- Changes in consumer wants
- Products and services becoming obsolete

How new business ideas come about?

- Original Ideas
- Adapting existing products/services/ideas

1.1.2 Risk & Reward

The impact of risk & reward on business activity:

- Risk- business failure, financial loss, lack of security
- Reward- Business success, profit, independence

1.1.3 The Role of Business Enterprise

The role of business enterprise and the purpose of business activity

- Produce goods & services
- To meet customer needs
- To add value: convenience, branding, quality, design, USP

How new business ideas come about?

- An entrepreneur: organises resources, makes business decisions, takes risks

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

Richard Branson – an entrepreneur worth billions, but he still takes risks when starting new ventures

TOMS shoes- Took a risk with a buy one give one scheme

Gap, Nike, Gucci – examples of brands that cost a lot more than the actual cost of the materials

McCain – produce a lot of ready-meals and pre-prepared items that cost more than the ingredients

Snapchat- Success due to the changes in technology and consumer wants and needs

Eccie Newton- Founder of Karma Kitchen delivering healthy lunches to offices a success due to changing social norms for healthy lifestyles