



BBG **SENTINELS**

BUSINESS – PAPER 1, 1 HOUR 45 MINUTES

Theme 1: Investigating small business

Topic 1.1 Enterprise and entrepreneurship

1.1.1 The dynamic nature of business • Why new business ideas come about: • changes in technology • changes in what consumers want • products and services becoming obsolete. How new business ideas come about: • original ideas • adapting existing products/services/ideas.

1.1.2 Risk and reward The impact of risk and 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: • to produce goods or services • to meet customer needs • to add value: convenience, branding, quality, design, unique selling points. The role of entrepreneurship: • an entrepreneur: organises resources, makes business decisions, takes risks.

Topic 1.2 Spotting a business opportunity

1.2.1 Customer needs Identifying and understanding customer needs: • price, quality, choice, convenience • customers: generating sales, business survival.

1.2.2 Market research The purpose of market research: • customer needs gaps in the market • reduce risk • business decisions.

• primary research: survey, questionnaire, focus group, observation • secondary research: internet, market reports, government reports. • qualitative and quantitative data • the role of social media in collecting market research data • the importance of the reliability of market research data.

1.2.3 Market segmentation How businesses use market segmentation to target customers: • identifying market segments:

1.2.4 The competitive environment • strengths and weaknesses of competitors • the impact of competition on business decision making.

Topic 1.3 Putting a business idea into practice

1.3.1 Business aims and objectives

• aims and objectives when starting up: • financial aims and objectives • non-financial aims and objectives. • Why aims and objectives differ between businesses.

1.3.2 Business revenues, costs and profits

revenue • fixed and variable costs • total costs • profit and loss • interest • break even level of output • margin of safety. • break even diagrams: • the impact of changes in revenue and costs • break even level of output • margin of safety • profit and loss.

1.3.3 Cash and cash-flow

1.3.4 Sources of finance for a start-up or established small business: • short-term sources • long-term