

1. Key Terms

Enterprise: Word used to represent the ideas and initiative involved in starting a new business.

Entrepreneur: A person who owns and runs a business and takes risks.

Customer: A person who buys goods or services from a business.

Competitor: Another business selling similar goods or products.

Innovation: Adapting existing ideas.

Invention: Coming up with new ideas.

Employer: The person/organisation you work for usually through a contractual agreement.

Employee: a person who undertakes work for a wage or salary.

4. Aims of a business:

Profit: Amount gained after total costs are deducted.
Increase market share: business gain more percentage of total sales in the industry.

Growth: improving products, size or assets of the business.

Survival: Usually when a business starts up. This is ensuring your business can continue to operate and keeping profits higher than costs.

Social: Running your business in a way that relates to belief about what is morally right and wrong.

2. Characteristics of SMEs (small to medium enterprises)

- Run by a single individual or small team of people.
- Small number of employees
- Types of ownership – sole trader, partnership and Ltd
- Physical location and/or operate online.



3. Different types of SME

- Micro – employs up to 10 people.
- Small – employs between 11–49 staff.
- Medium – employs between 50–249 staff.

5. Types of market research

Primary research: research carried out directly with potential customers.

Questionnaires: using a set of qualitative and quantitative questions.

Focus groups: talking to people to find out their views and experiences.

Survey: a quantitative method that involves asking people to fill in paper or online questionnaires.

6. Types of market research

Primary research: gathering data that has not been collected before.

Secondary research: using existing research from third parties.

Online research: for example internet searches.

Financial reports: annual financial information.

Market reports: research already completed on different topics.

7. Types of research answers and data

Quantitative: Research in which the answers are based on numerical and statistical data.

Qualitative: Research in which the answers are based on individual customer responses and open-ended questions.

8. SWOT analysis

A method to identify a company's internal strengths and opportunities and external weaknesses and threats.

	Helpful to achieving the objective	Harmful to achieving the objective
Internal origin (attributes of the organization)	S Strengths	W Weaknesses
External origin (attributes of the environment)	O Opportunities	T Threats

9. PEST Analysis

A method of identifying external factors that could influence a specific enterprise. Examples for each include:

Political - Tax, employee law, changes to laws.

Economical – inflation, interest and exchange rates.

Social – Demographics e.g. age, gender, lifestyle.

Technological – emerging technology, research and development.

10. Internal factors - Factors within the control of the enterprise that can impact positively or negatively

- **Understanding the market** – who the competition is, what customers want
- **Keeping customers satisfied** – the ability to meet customer needs better than its competitors on quality, price, features, customer service, availability, convenience
- **Effective planning and financing**
- **Marketing and promoting the enterprise**
- **Unforeseen human resources costs**, e.g. staff illness

11. External factors- Factors outside the control of the enterprise that can impact positively or negatively

- **Changes in the cost** of energy, raw materials, borrowing, premises, changes in costs of marketing or selling
- **Governmental changes** – new regulations, changes in taxation.
- **Competitors** – new competitors, changes made by existing competitors
- **Consumer confidence in the economy** – growth/recession, level of employment
- **Changing consumer behaviour** – social trends, tastes
- **Changes in consumer legislation**, sales and labelling of products, the misuse of information.