

# BTEC Level 2 Tech Award in Enterprise - Component 1

### 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.

# 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.

#### 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.

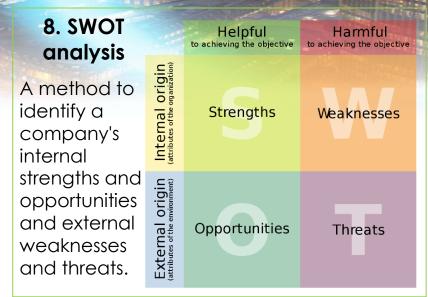


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### 7. Types of research answers and data

**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.



### 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.