

Key Terms

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

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Obsolete – outdated; a product that has declining sales or come to an end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

Core Knowledge

Marketing – the product life cycle states that all products eventually need to be removed from sale

Technology – changes in technology have led to obsolete products and changes in consumer tastes

Role of enterprise – entrepreneurs are the individuals who develop new ideas

Wider Business World

Apple – great example of business that continually adapts products

Iceland – changed from frozen only foods to non-frozen and non-food goods because this is what consumers want when they shop

Core Knowledge

The world changes constantly, and therefore so do consumer needs, and so businesses must therefore be dynamic to respond to these changes, or they risk failure.

Business ideas come about because of:

- Changes in technology
- Changes in what consumers want
- Products and services becoming obsolete

Business ideas come about because

- An entrepreneur has a completely original idea – this is invention
- Adapting an existing idea – this is innovation

Adaptions to products can be:

- New flavours
- Different colours / pack sizes
- Online access to a product or service
- Offering personalisation

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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

Links

Role of enterprise – entrepreneurs are the individuals who take risks

Ownership – different types of ownership have different levels of risk for the owner

Customer needs – knowing what these are helps to reduce risk

Market research – doing this helps to reduce risk

Business Examples

Wider Business World

Thomas Cook, BHS – businesses that have failed. Find out why

Richard Branson – an entrepreneur worth billions, but he still takes risks when starting new ventures. Why would this be?

Core Knowledge

Starting and running a business are risky activities. A large percentage of start-up businesses fail in the first five years.

Risks are things that can go wrong. These include:

- Business failure
- Financial loss
- Lack of security due to not having a regular income

Business can fail because:

- An entrepreneur does not know the market well
- Not having enough capital to start the business
- Poor decision making
- Competition from other businesses
- Not meeting the needs of customers

Rewards are what can be achieved through business success. These include:

- Profit
- Personal independence