

MY REVISION NOTES NCFE Level 1/2 Technical Award BUSINESS AND ENTERPRISE

NCFE

Level 1/2 Technical Award

BUSINESS AND ENTERPRISE

SECOND EDITION

- Plan and organise your revision
- Reinforce skills and understanding
- Practise exam-style questions



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My revision planner

Unit 01 Introduction to business and enterprise REVISED CA1 Entrepreneurship, business organisation and stakeholders 15 1.1 Entrepreneurship 1.1.1 Being an entrepreneur 1.1.2 Entrepreneurial motivators 1.1.3 Entrepreneurial skills and attributes 18 1.2 Business and enterprise aims and objectives 18 1.2.1 Reasons for aims and objectives 18 1.2.2 Financial aims and objectives 19 1.2.3 Non-financial aims and objectives 20 1.3 Structures 20 1.3.1 Legal structures 23 1.3.2 The impact on business and enterprise of different structural characteristics 24 1.3.3 The impact on business and enterprise of changes in structure 26 1.4 Stakeholders 26 1.4.1 Internal stakeholders 26 1.4.2 External stakeholders 1.4.3 Stakeholder engagement 26 1.4.4 Stakeholder conflict CA2 Market research, market types and orientation and marketing mix 28 2.1 The market 28 2.1.1 Aspects of the market 29 2.2 Market research 29 2.2.1 Primary market research 2.2.2 Secondary market research 32 2.2.3 Data types 2.2.4 Market types 33 2.2.5 Business orientation types 34 2.3 Marketing mix 34 2.3.1 Price 37 2.3.2 Place 39 2.3.3 Promotion 42 2.3.4 Product 43 2.3.5 Product life cycle and product life cycle extension strategies 43 2.3.6 Product development and innovation 44 2.3.7 Boston Matrix 45 2.3.8 Branding

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CA3	Human resource requirements for business and enterprise	REVISED	TESTED	EXAM READY
	47 3.1 Human resources 47 3.1.1 Methods of recruitment 49 3.1.2 Stages of recruitment 50 3.1.3 Types of employment contracts			
	51 3.2 Staff development and monitoring 51 3.2.1 Methods of staff development and monitoring			
	 3.3 Motivation 3.3.1 Financial methods of motivation 3.3.2 Non-financial methods of motivation 3.3.3 Motivation theories 			
CA4	Operations management			
	 4.1 Operations management 4.1.1 Outsourcing 4.1.2 Lean production 4.1.3 Maintaining and improving quality 4.1.4 Production methods 4.1.5 Customer service 			
CA5	Business growth			
	 5.1 Business and enterprise growth 5.1.1 Internal growth 5.1.2 External growth 5.1.3 Efficiencies and costs of business and enterprise 			
	expansion 67 5.1.4 Challenges of growth			
CA6	Sources of enterprise funding and business finance			
	68 6.1 Business and enterprise funding 68 6.1.1 Funding types			
	71 6.2 Financial terms, documents and tools 71 6.2.1 Financial terms and calculations 72 6.2.2 Costs, liabilities and assets 73 6.2.3 Financial documents 78 6.2.4 Ratio analysis 80 6.2.5 Cash flow management	•		
CA7	The impact of the external environment on business			
	 and enterprise 7.1 The impact of the external environment 7.1.1 External influences 	:		•
CA8	Business and enterprise planning 88 8.1 Business and enterprise planning 88 8.1.1 Purposes and benefits of planning 91 8.1.2 Sections of a business plan	•		
93	Glossary			
95	Index			

1 Entrepreneurship, business organisation and stakeholders

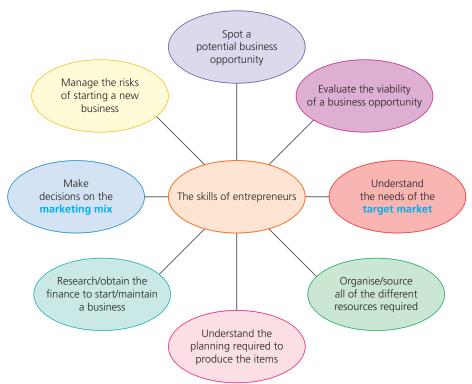
1.1 Entrepreneurship

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1.1.1 Being an entrepreneur

Being an entrepreneur is a skill. Mention the word entrepreneur and people often think of high-profile personalities such as Sir Richard Branson, Lord Alan Sugar, Steven Bartlett, Sara Davies, Peter Jones and Sir James Dyson.

Entrepreneurs have many skills, including:



Entrepreneur A

businessperson who is creative, innovative and works hard to achieve their goals. They are a person who takes risks to see their business succeed.

Marketing mix The 4 Ps of marketing are Product, Price, Place and Promotion.

Target market A particular group of customers at which a good or a service is aimed.

Figure 1.1 The skills of entrepreneurs

1.1.2 Entrepreneurial motivators

Although profit is the main driver for going into business and taking large risks, there are other key reasons why individuals decide to set up in business. These individuals are usually highly motivated to succeed. There are three key motivators that drive an entrepreneur:

- + financial
- personal
- social and ethical.

Table 1.1 Key motivators for an entrepreneur

Financial motivators

- Many new businesses fail within the first few years. For this reason, the first financial objective is to survive.
- + It is important that there is sufficient cash to pay business debts.
- + The business must have access to sufficient sources of finance.
- + The organisation must have a business model that is viable in the long term.
- Making a profit.
- + Financial independence.



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Personal motivators

- Profit is not always the main motivator for setting up in business for a number of entrepreneurs.
- Entrepreneurs will gain job satisfaction from seeing the results of their hard work.
- They also like the opportunity to make their own decisions.
- They desire control over their working life, the opportunity to work from home or the option to combine work with family life.

Social and ethical motivators

Some individuals have strong beliefs about the **responsibility**:

- + to source sustainable products, such as shopping locally
- to be aware of their choices of environmental products/services for customers
- to ensure that they adhere to the government's living wage
- that employers have a legal duty to provide good working conditions to their employees which relates to the working environment that employees have to work within.

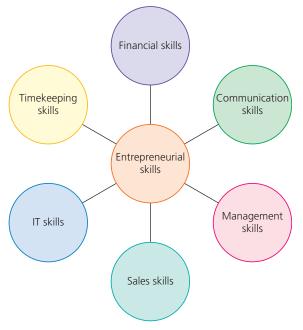
Other individuals want to **help the local community** with the set-up of their business by:

- supporting local community projects
- working with charities
- creating employment opportunities
- offering equal opportunities.

1.1.3 Entrepreneurial skills and attributes

Entrepreneurs have a wide range of skills and attributes, enabling them to set up their own enterprise activity.

Skills



Skills Particular abilities that a person will learn through their work, training, life and education.

Attributes Qualities that individuals naturally have, for example being good at communicating with a range of people.

Figure 1.2 Entrepreneurial skills

- ➡ Financial skills: This is understanding the importance of financial management to pay business debts and access funds, and having a viable business model for the long-term survival of the business.
- Communication skills: These are important to get product/service ideas known, by face-to-face meetings/making calls/video calls/email or social media platforms. This can help to establish trust with potential investors.
- ◆ Management skills: These are needed so the business can operate and grow into the future. Entrepreneurs need to manage staff involved well to ensure that they represent the company positively. Entrepreneurs should invest in their staff by increasing their skills and developing them.
- → Sales skills: These involve persuading customers to purchase their products/services as this will result in profits for the business. If products are unappealing, sales will not be made. Having good sales skills is vital for the growth of the business.

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