Theme 1: Investigating small business content

Key Topic	Sub Topics
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: ● What customer needs are: price, quality, choice, convenience ● The importance of identifying and understanding customers: generating sales, business survival
1.2.2 Market research	The purpose of market research: ● To identify and understand customer needs ● To identify gaps in the market ● To reduce risk ● To inform business decisions Methods of market research: ● Primary research: survey, questionnaire, focus group, observation ● Secondary research: internet, market reports, government reports ● The use of qualitative and quantitative market research data The use of data in market research: ● 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: location, demographics, lifestyle, income, age ● Market mapping to identify a gap in the market and the competition
1.2.4 The competitive environment	Understanding the competitive environment: ● Strengths and weaknesses of competitors based on: price, quality, location, product range and customer service

	• The impact of competition on business decision making
Topic 1.3 Putting a business idea into practice 1.3.1 Business aims and objectives	What business aims and business objectives are Business aims and objectives when starting up: • Financial aims and objectives: survival, profit, sales, market share, financial security • Non-financial aims and objectives: social objectives, personal satisfaction, challenge, independence and control Why business aims and objectives differ between businesses
1.3.2 Business revenues, costs and profits	The concept and calculation of: • Revenue • Fixed and variable costs • Total costs • Profit and loss • Interest • Break even level of output • Margin of safety Interpretation of 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	The importance of cash to a business: • To pay suppliers, overheads and employees • To prevent business failure (insolvency) • The difference between cash and profit Calculation and interpretation of cash-flow forecasts: • Cash inflows • Cash outflows • Net cash flow • Opening and closing balances
1.3.4 Sources of business finance	Sources of finance for a start-up or established small business: • Short-term sources: overdraft and trade credit • Long-term sources: personal savings, venture capital, share capital, loans, retained profit and crowd funding
Topic 1.4 Making the business effective 1.4.1 The options for start-up and small businesses	The concept of limited liability: • Limited and unlimited liability • The implications for the business owner(s) of limited and unlimited liability The types of business ownership for start-ups: • Sole trader, partnership, private limited company • The advantages and disadvantages of each type of business ownership The option of starting up and running a franchise operation: • The advantages and disadvantages of franchising
1.4.2 Business location	Factors influencing business location: • Proximity to: market, labour, materials and competitors • Nature of the business activity • The impact of the Internet on location decisions: e-commerce and/or fixed premises
1.4.3 The marketing mix	What the marketing mix is and the importance of each element: • Price, product, promotion, place

	How the elements of the marketing mix work together: ● Balancing the marketing mix based on the competitive environment ● The impact of changing consumer needs on the marketing mix ● The impact of technology on the marketing mix: e-commerce, digital communication
1.4.4 Business plans	The role and importance of a business plan: ● To identify: the business idea; business aims and objectives; target market (market research); forecast revenue, cost and profit; cash-flow forecast; sources of finance; location; marketing mix The purpose of planning business activity: ● The role and importance of a business plan in minimising risk and obtaining finance
Topic 1.5 Understanding external influences on business 1.5.1 Business stakeholders	Who business stakeholders are and their different objectives: ● Shareholders (owners), employees, customers, managers, suppliers, local community, pressure groups, the government Stakeholders and businesses: ● How stakeholders are affected by business activity ● How stakeholders impact business activity ● Possible conflicts between stakeholder groups
1.5.2 Technology and business	Different types of technology used by business: ● e-commerce ● Social media ● Digital communication ● Payment systems How technology influences business activity in terms of: ● Sales ● Costs ● Marketing mix
1.5.3 Legislation and business	The purpose of legislation: ● Principles of consumer law: quality and consumer rights ● Principles of employment law: recruitment, pay, discrimination, and health and safety The impact of legislation on businesses: ● Cost ● Consequences of meeting and not meeting these obligations
1.5.4 The economy and business	The impact of the economic climate on businesses: ● unemployment, changing levels of consumer income, inflation, changes in interest rates, government taxation, changes in exchange rates
1.5.5 External influences	The importance of external influences on business: ● Possible responses by the business to changes in: technology, legislation, the economic climate