

Start

State 3 reasons why new business ideas come about:

1. Changes in technology
2. Changes in the needs & wants of consumers
3. Products becoming obsolete (no longer of any use)

Define what is meant by behaving dynamically

The ability to adapt, change and improve to meet the needs of the consumers, whilst also making a profit and ensuring the business survives e.g. Uber, Deliveroo.

Identify 3 features that 'dynamic' businesses have in common

1. Find ways to lower costs e.g. operating online
2. Use technology wisely
3. Give themselves a clear point of difference

State 3 risks faced by the entrepreneurs in the case study

- Lack of sales
- No demand (the willingness of a customer to buy your product)
- Price of coco increases
- Loss of capital (money) invested

Helen & Stewart have the option to either A. Adapt their product range or B. Start a second business venture doing something completely new. List the reasons FOR each option.

Adapting—already have the knowledge/experience, have the staff/equipment, regain customers interest, same target market

New business—can't revive a product that no one wants, escape from old reputation, do something dynamic/exciting, spread the risk

Describe the difference between the Primary, Secondary & Tertiary Business sectors using the case study as an example

Primary Sector—where the cocoa and sugar is grown in farms

Secondary Sector—the factory where the raw materials from the Primary Sector are processed and manufactured into chocolates

Tertiary Sector—the shop where the final product is sold to consumers and the café which offers a service to consumers.

Finish

Business Profile

The Oban Chocolate Company began in 2003 by entrepreneurs Helen & Stewart. At their shop, café & factory premises, Helen & Stewart make handmade chocolates. Good quality chocolate is not cheap but making fancy products such as 'hot chilli truffles' adds value. The business provides customers with an 'experience' including a tour around the factory. The business employs five full-time members of staff. Relying on the tourist trade, has meant little trade during the colder months of the year.



State 3 rewards that could be gained by Helen & Stewart

- Profit**
- Expansion**—growing
- Increased sales**
- Independence**
- Financial security**

List 5 entrepreneurial qualities required by Helen & Stewart

- Risk-taker
- Resilience
- Creativity
- Passion
- Confident
- Customer service
- Problem solving
- Financial awareness
- Communication
- Networking

"I'M A GREATER BELIEVER IN LUCK, AND I FIND THE HARDER I WORK THE MORE I HAVE OF IT."

-Thomas Jefferson

Further Resources:

<https://senecalearning.com/en-GB/>

<https://www.tutor2u.net/business/reference/starting-a-business-objectives-of-an-entrepreneur>

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Outline the difference between a good and a service using an example

Good—tangible, physical, easy to assess it's quality, can be returned e.g. loaf of bread

Service—non-tangible, difficult to assess quality, pay for someone else's expertise, can't be returned e.g. car mechanic

Explain 2 ways a business can increase value added

1. Increase the quality of the product
2. Improve the packaging
3. Celebrity endorsements
4. Special offers
5. Special delivery arrangements
6. USP—could offer vegan, eco friendly, fair trade etc

Explain two reasons why a business must add value

- To make a profit
- To cover fixed costs such as rent, staff, utility bills
-Leads to business survival & sustainability, happy customers, quality product

State 3 ways value has or could be added to The Oban Chocolate Company's products

BENEFIT IT GIVES US

- Branding
- Experience—tour of factory
- Good customer service
- Delivery
- Fair Trade

Calculate the value added for each of these products:

- A. Chocolate box, Cost £2.50, Price £12.99 = **£10.49**
- B. Chocolate Bar, Cost £0.60, Price £1.30 = **£0.70**
- C. Chocolate bunny, Cost £1.54, Price £4.99 = **£3.45**

Selling Price—Cost = VA

Key word	Definition
Enterprise	Entrepreneurial activity (can also mean a business or company)
Entrepreneur	Someone who creates a business, taking on financial risks with the aim of making a profit from the business
Consumer	Someone who buys and uses goods and services
Obsolete	Out of date or not used anymore
E-commerce	Using the internet to carry out business transactions
M-commerce	Using mobile technologies, such as smartphones and tablets, to carry out business transactions
Social media	Websites that allow users to interact with other users, by sharing text-based messages, pictures or links to online content
Marketplace	The activities involved in buying and selling particular types of goods and services, in competition with other companies
Data	Information, particularly statistics, that can be collected and analysed
Demographic	Relating to the population, such as average age, average income and so on
Risk	The possibility that an enterprise will have lower than anticipated profits or experience a loss
Financial reward	The money that an entrepreneur or investor receives when a business succeeds
Market research	The process of gathering information about the market and customers' needs and wants in order to help inform business decisions, including product design and marketing
Cash flow	The amount of money coming in and going out of the business and the timing of the movement
Sales revenue	The amount of money that comes in from a business's sales
Investment	Putting money into a business with the intention of making a profit
Start-up	A new business, usually with only a small number of employees – perhaps only one
Value Added	Selling Price—Cost

Command Word	You are required to...
Multiple choice question	Select one or more correct answer from a choice of answers. These questions test recall of knowledge from the specification content
Define	define a term from the specification content
Give	give an answer testing recall of knowledge from the specification content
State	give an answer, no longer than a sentence, referring to a piece of contextual information from which students must select the answer
Identify	select the correct answer from reading a graph or table of data
Calculate	use mathematical skills to reach the answer, based on given data. Calculators may be used and workings should be given
Complete the table	work out the values missing from the presented table of data
Outline	give two linked points about a business concept or issue, placed in context in the question
Explain	give a statement of fact, with two further expansion points. These may expand on each other, or both from the same fact. There is no context in these questions
Discuss	write an extended answer, requiring expansion and exploration of a business concept or issue. These questions will not have context but students may bring one in for illustration purposes
Analyse	write an extended answer, requiring expansion and exploration of a business concept or issue. The answer will be placed in context by the question
Justify	write an extended answer, using information provided in order to recommend one of two options to a business owner
Evaluate	write an extended answer, using knowledge of specification content to reach a supported conclusion about a business situation.

Lesson Sequence
The Dynamic Nature of Business
New Business Ideas
Risk and Reward
Products and Services
Qualities of and Entrepreneur
Added Value