Topic 1.1: Starting A Business - Definitions	
Business	an organisation or system where goods and services are exchanged for one another or for money
Entrep-reneur	a person(s) who sets up their own business
Enterpris-e/Firm	a business or a company
Social Enterprise	an activity that achieves a reward for society
Gap In The Market	an unmet customer need or a group of potential customers who are not yet purchasing a good or service
Market	the way buyers and sellers are brought together
Mass Market	a large market; a product/s-ervice aimed at a wide range of people
Niche Market	a small, specialised market; a product/service aimed at a small group of people
Franchise	when one business (see *Franchisor*) gives another person or business (see *Franchisee*) the right to trade using its name to sell its products or provide its services
Franchisor	the company that allows an individual (see *Franchisee*) to run a location of their (the franchisor's) business
Franchisee	someone who buys and runs a location of a franchise

Topic 1.1: Starting A Business - Definitions (cont)	
Stakeh-older	anyone who has an interest (or stake) in a business
Primary Stakeh-older	essential to the success or failure of the business (e.g.: customers)
Secondary Stakeh-older	feel they are involved in the organisation's future (e.g.: pressure groups)
Internal Stakeh-older	people who're already committed to serving your organisation (e.g.: board members)
External Stakeh-older	individuals or groups from outside that're affected by the consequences and outcomes of an organisation's decisions (e.g.: suppliers)
Sole Trader	a person who is the only owner of a business, entitled to keep all profits after tax has been paid but liable for all losses (unlimited liability)
Partne-rship	a legal form of business operation between two or more individuals who share management and profits
Private Limited Company (Ltd)	can only have between 2 – 50 members; shares are sold privately among family/frien-ds/colleagues/etc
Public Limited Company (Plc)	has shares that can be publicly traded on a stock market

Topic 1.1: Starting A Business - Definitions (cont)	
Dividend	the share of the profit that shareholders get from a company
E-Commerce	the buying and selling of goods and services over the Internet; also for advertising
Website	a location connected to the Internet that maintains web pages

Advantages Of Franchising
Lower risk option
Already established
Recognised brand
National advertising and promotion
Tried and tested

Disadvantages Of Franchising
Set up and running costs can be high
Damage to brand reputation
Reliant on others
Less independence in decision making
Shared profit

Unlimited Liability
Responsible for all debts
Must pay off debts using own money
May have to sell house/car in order to pay debts off

Limited Liability
Means that investors can only lose money they've invested and no more
Cannot lose their personal possessions if the business goes into liquidation
Owners only lose the money they invested in the business

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Things To Think About When Moving Locations

- Labour costs
- Availability of land
- Labour skills
- Financial help
- Close to customers/market
- History and tradition
- Transport links

The Internet Factor

- opportunity to compete with large companies
- sell products in online and mail-order services
- upsurge forcing businesses to sell online as well

Objectives

- Survival
- Profit
- Growth (including employees)
- Increase market share
- Break even
- Brand awareness/recognition
- Popularity

By **EAW-BS** (BullShit Help)
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