

What is a business?

A decision-making organization established to produce goods and/or provide services.

Businesses exist;

To produce goods and services to satisfy the needs and wants of their customers.

To make profit.

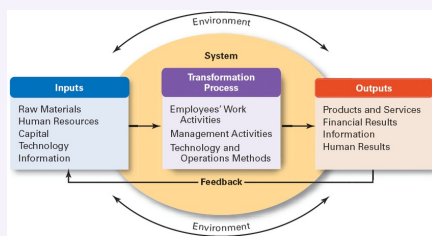
To survive.

To increase market share.

To be the market leader.

For socially responsibility.

Business as a transformation process



Adding/Creating value

This occurs in the transformation process when outputs are produced that are worth more than the inputs brought in to provide them.

Factors of Production

Capital	Amount of money needed to run a business Man-made goods like machines, buildings, vehicles, and equipment needed for business to operate Investment – increasing spending on capital
Land	Space where a business operates Raw materials and natural resources that are used in making a product
Labour	Physical & mental efforts of people to produce products/services
Enterprise	Management, organization, and planning of other three factors of production Actions of entrepreneur who shows initiative and takes risks to set up, invest, and run a business

Business functions & their roles

Human Resources	Manages the workforce and laborers of the company Deals with recruitment, wages, communication, and motivation of employees
Finance and Accounts	In charge of managing the organization's money and assets Ensures accurate recording and reporting of financial documentation (to comply with legal requirements)
Marketing	Ensure that a company's products sell Concerned with identifying and satisfying consumers' needs/wants In charge of promotions, advertisements, etc.
Operations	In charge of business functions and processes that produce the actual goods Concerned with research & development, delivery, stock management, etc.

Economic Sectors

Primary	Involves the harvesting of naturally available resources e.g. mining, agriculture, livestock, drilling, and logging Regulated and protected by the government
Secondary	Involves manufacturing of raw products to finished or component goods Finished goods – exported or sold to domestic consumers Component goods – sold to companies in the tertiary sector
Tertiary	Involves service and retail Delivering final goods to customer Includes retail sales, transportation, entertainment, restaurants, media, healthcare, banking, etc.



Economic Sectors (cont)

Quaternary Involved with knowledge and the movement of information.
Includes government, education, libraries, scientific research, information technology, etc.

Impact of sectoral change

Change in economic structure (primary to secondary, secondary to tertiary, etc.)	<p>Industrialization</p> <ul style="list-style-type: none"> ↳ When a country moves towards the manufacturing sector as its principal output and employment (primary to secondary) ↳ Products become more refined and have more export potential ↳ Raises the standard of education ↳ Opens better job opportunities <p>Developed nation</p> <ul style="list-style-type: none"> ↳ Exploits the tertiary sector as the national output of employment ↳ Further raises the standard of education
--	---

Examples of effects of shifting to the tertiary sector	<p>For a labor intensive manufacturer of aluminum cans</p> <ul style="list-style-type: none"> ↳ Quality of products improve ↳ More Distributors ↳ Less employees and higher wages for employees ↳ Can consider turning to robots and machines, as well as outsourcing
--	---

Entrepreneurship vs. Intrapreneurship

Entrepreneurship	<p>The process of starting a business, company, or organization</p> <p>The founder, and usually owner</p> <p>Big risk, big reward</p> <p>Organizes inputs of production into goods and services (outputs)</p> <p>Obtains money, buys the inputs needed and makes decisions.</p> <p>Takes risks and provides the vision for the business idea</p> <p>Assumes large financial risk</p> <p>Provides sufficient resources</p>
-------------------------	---

Intrapreneurship	<p>Similar to entrepreneurship but is done in an existing organization</p> <p>Is an employee of the organization</p> <p>Uses resources of company to undertake projects and therefore risks very little</p> <p>Rewarded in the form of a paycheck</p> <p>Does not act autonomously like an entrepreneur as he is dependent on other employees or the organization he works for</p>
-------------------------	--

Reasons for starting up a business

- New business idea
- Passion to make change
- Market need
- Earning a living
- Greater financial reward
- Control
- Work-life balance
- Autonomy/Own boss

Common steps in starting up a business

Businesses often start up by looking for market opportunities (market gaps or niches)

Niche markets are where small businesses can easily compete

Factors to consider: What questions would businessmen ask about the factors?

- ↳ Business idea
- ↳ 4 Factors of Production (capital, land, labor, and enterprise)
- ↳ Four departments/functional areas



Possible problems faced by a start-up

Internal	Lack of working capital Poor management skills Unskilled employees
External	Economic, environmental or political shocks Market too small / no market Strong competition

Business plan

Report detailing aims and objectives of a business

Planning tool that serves as a blueprint to address the issues of a startup business

Meant for investors/banks to help them decide on whether to invest/approve loans

Elements of a business plan

Business	Name of the business, type of the business, statement of aims and objectives, details of the owner
Product	Details of goods/services, operations and equipment needed, suppliers, price
Market	Who you're selling to, market profile, competition (strengths and weaknesses)
Finance	Money, start-up costs
Personnel	Employees and workforce, skills
Marketing	Marketing mix employed by business

C

By fatimaaaa
cheatography.com/fatimaaaa/

Published 28th May, 2023.
Last updated 28th May, 2023.
Page 3 of 3.

Sponsored by **Readable.com**
Measure your website readability!
<https://readable.com>