Enterprise

What Qualities do you think an Entrepreneur needs?

In your book list **as many** qualities you think a entrepreneur needs?

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Now lets see if you got any of the same ones on the next slide…

Qualities that an entrepreneur might have:

- Risk taker
- Smart
- Showing Leadership
- Inner passion for business
- Honest and trustworthy
- Motivation to achieve
- Hard working
- Gift of Persuasion
- Determined
- Eager
- Persistence
- Energy
- Ambition
- Ability to plan
- Initiative
- Decision Maker
- Ability to plan
- Being Lucky

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Determination

- Sticking to an idea or vision
- Seeing the job through to the end
- Determination is linked t commitment

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Initiative

- Making the first move
- Spotting opportunities and taking advantage of them
- Being pro-active, making things happen.

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Taking Risks

- It may succeed or fail, you'll never know unless you take that risk
- Could be borrowing money from a bank
- Using homes as security in order to gain investment
- Actually starting your own business or working for someone else

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Making Decisions

- Making judgements
- Taking in information and advice

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- Have a vision and make decisions that will help them move towards that vision
- Making **right** decisions that affect the business

Planning

- Knowing what they want to do with their business

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- Mapping out how to achieve what they want
- Organising time

Persuasion

- Being able to persuade others to do what they want them to do

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- Suppliers, customers and workers
- Need to have high levels of people skills

Showing Leadership

- Vision
- Planning
- Persuasion
- Self-Confidence

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Luck

- How the economy is doing
- Health
- Perseverance through tough times

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Video

- Watch this video
- What does Richard say about entrepreneurs?
- Career advice from Richard Branson

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Group activity

In your group:

- Identify the personal characteristics that you believe your entrepreneur has and why this helped them to succeed.

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- Prepare a short presentation for the class.

Richard Branson

- In 1966 Richard Branson began his first business enterprise with £4 borrowed from his mother.
- Today he is a billionaire and he has created one of the most famous brands in the world.
- His companies employ 50,000 people around the world.
- Branson often appears at the top of 'most admired businessperson' polls and young people particularly like him.

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Coco Chanel

- Coco Chanel started her working life as a dressmaker.
- She started up in business just at the time when women's lives were changing dramatically. Because of the war, women in northern France suddenly needed clothes for a new kind of lifestyle – an active, working life outside of the home. Coco Chanel designed them.
- Throughout her long career, she understood that fashion was not just about clothes but about the way people live their lives.

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Anita Roddick

- Anita Roddick's opportunity came when her children were young and the family needed an income. Selling only natural products, Anita created a market for cheap cosmetics in re-usable bottles.
- Soon her small shop became a big company, but she stuck to her principles.
- She proved that big companies could help poor communities around the world by buying their products at
- a fair price.
- Anita Roddick questioned the old business ways of making a profit at any price.
- Dame Anita Roddick, died at the age of 64.

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Fred DeLuca

- Fred DeLuca founded the SUBWAY® chain in Connecticut, USA, in 1965. The company has since grown into a multi-billion pound business, with more than 29,000 outlets in over 87 countries.
- He is personally worth $1.6billion

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Peter Jones

- Peter first got a sense of his business acumen and strong head for figures while still at school, aged 16. After completing the Lawn Tennis Association's coaching exams, he set up my own tennis coaching school which allowed him to combine the two subjects he loved the most: sport and economics.
- Phones International Group counts every leading brand in the mobile industry among its business partners, whether as a supplier, customer or collaborator on a number of initiatives and activities geared to driving growth. Group turnover is around the £150 million mark.

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Skills that an entrepreneur might have

- As well as personal qualities you need a range of practical skills to run a business.
- These include
  - planning,
  - financial and
  - administrative skills,
  - marketing and product or service development.

- You don't need to have all these skills before you start. Nor should you set out to be an expert in everything.
- However, you do need a basic understanding of the 4 key business areas:
  - Finance
  - Operations
  - Human Resources
  - Marketing

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Data response questions

Siggi Hats is where celebrities go to buy their posh hats for weddings or super-posh events. Siggi started in 1979 and is still hugely successful. He said, in 2009: "If you want to start up in business do your market research very well; make sure you've got a product you believe in and that people want … the most important thing is to get your pricing right. You have to sit down and work out how much to charge … when I started I focused on turning over huge amounts of cheaper hats … I learnt to think more and charge more! You need to be very flexible to adapt to the market … and you have to make sure you've got your finances planned out."

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- 2.1 From this list of enterprise skills, identify two shown by Siggi: planning; thinking ahead; seeing opportunities; having drive and determination

- 2.2. Briefly explain the way in which Siggi showed **one** of these two skills.

- 2.3. Briefly explain why it's important in business to be 'very flexible'.

Important personal skills

- Give examples of where/how Fraser shows each of the following:
- Seeing opportunities:

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- Effective planning

Business plans

What is a Business Plan?

A formal report detailing the marketing strategy, production, costing and financial implications of a business.

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Purpose

- Identify strengths and weaknesses of the business idea
- Highlight the business risks involved
- Help to plan the business
- Focus the organisation
- Help to persuade investor and banks.

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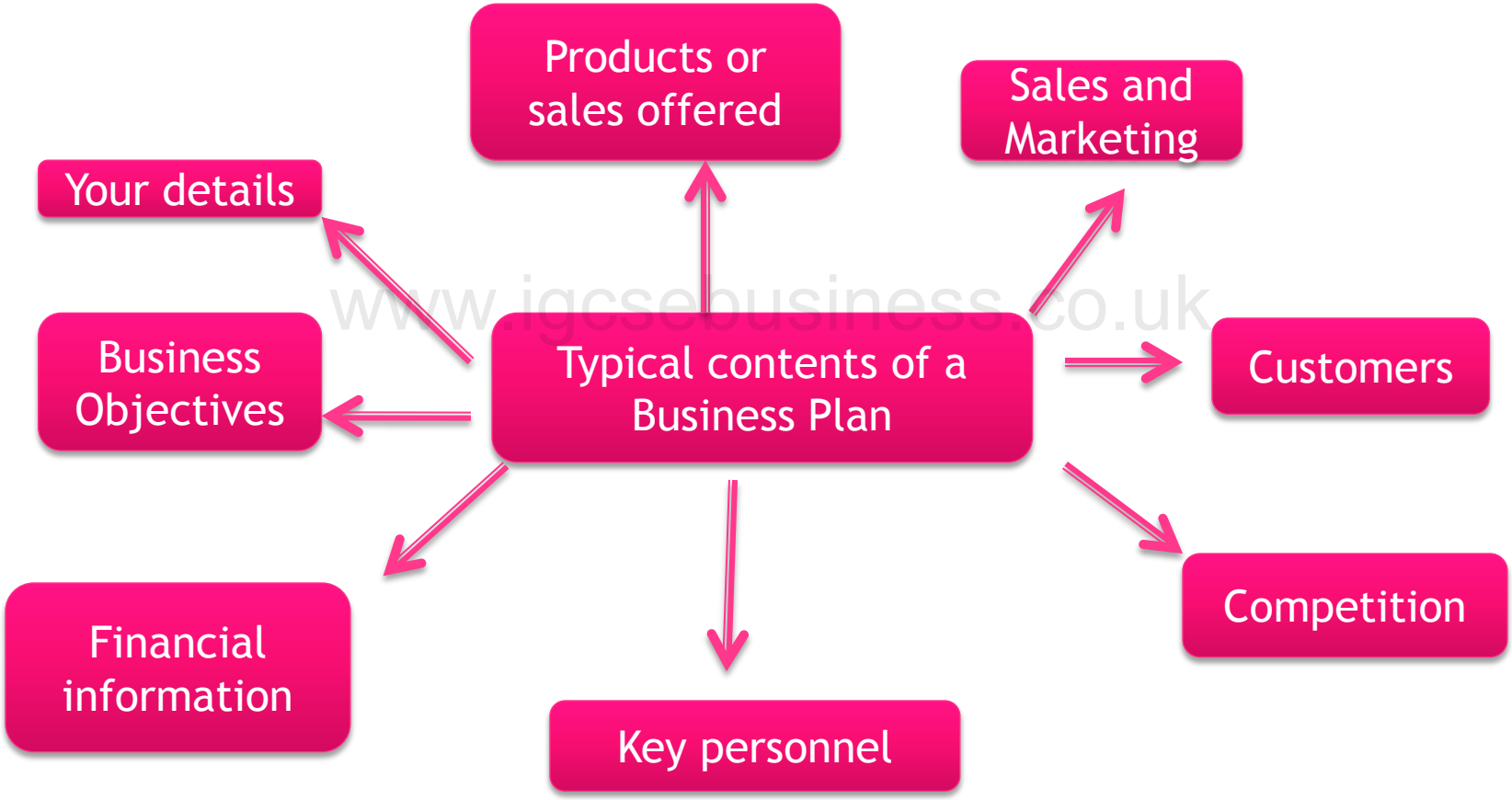
Contents of a Business Plan



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Danny wants to set up his own business as a personal fitness trainer and is hoping for a £10,000 loan from the bank. Which 3 of the following pieces of financial information should he include in his business plan?

a) Results of some market research Danny carried out into rising obesity levels in the UK.
b) Details of the money available for investment into the business from Danny and two family members.
c) Details of Danny's GCSE and A level qualifications
d) Details of Danny's qualifications as a personal trainer
e) Estimates of the business' running costs for the first twelve months
f) Forecasted revenue generated from clients in the first twelve months, based on market research carried out by Danny.

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Let's think

- Give two likely benefits for a new business from drawing up a business plan

- Give two possible dangers for an existing business from failing to produce a business plan before starting a period of rapid expansion

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Quick Quiz

- State 3 elements of a business plan?
- Name 2 advantages of having a business plan?
- State 2 reasons why a business plan may be inaccurate?

- Who might be interested in seeing a business plan?
- How does a business plan minimise risk?

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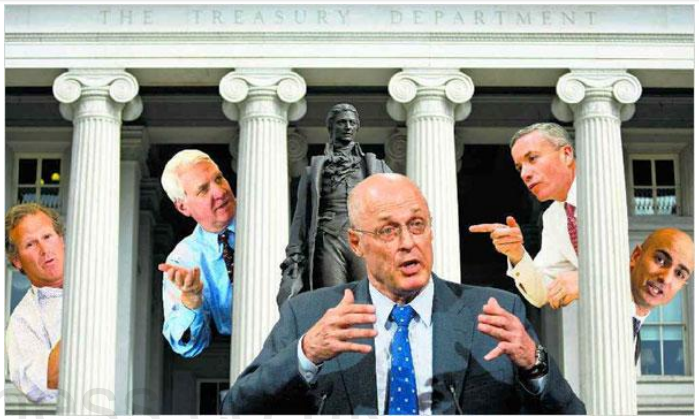
Growth

Who is interested in comparing business size?



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Comparing Business Size

Analyse each method for measuring the size of a business

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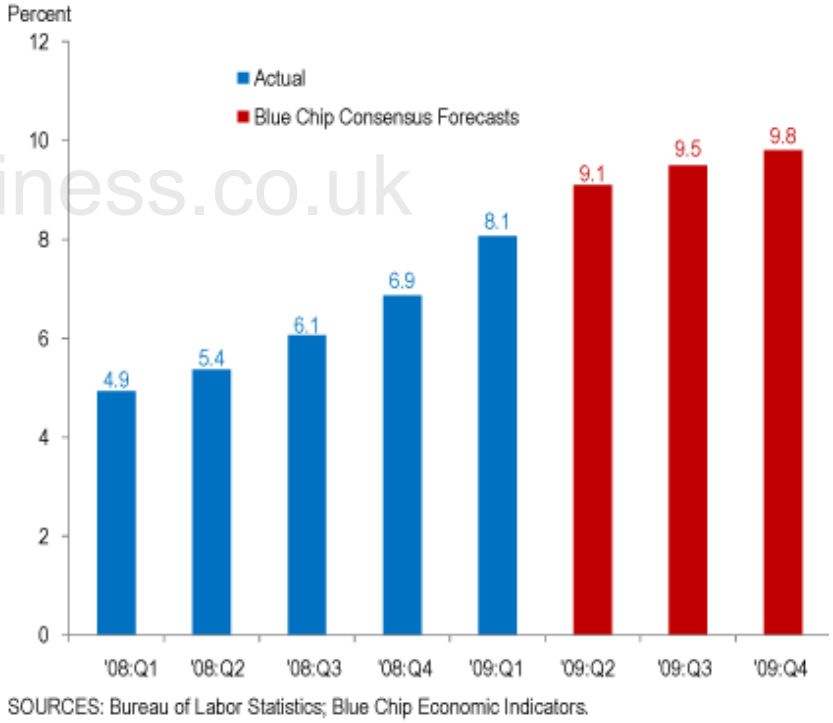
Measuring business size

- Number of employees

Measuring business size

- Value of output and sales



SOURCES: Bureau of Labor Statistics; Blue Chip Economic Indicators.

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Measuring business size

- Capital Employed

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Measuring business size

- Profit

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Measuring business size

- **So….. Which form of measurement is best**?
  - No. of employees
  - Value of Output & Sales
  - Capital Employed
- **NO "BEST" MEASURE**
  - Depend on what needs to be established / compared
- Absolute Measure of Size
  - Use 2 or more should be used

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Two business owners cannot agree on which of them owns the larger business. One owner, who runs a printing firm using the latest equipment, considers his firm to be larger. The other owner, who has a fruit farm that uses only manual labour to pick the fruit, considers her business to be the larger.

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a. Which forms of business size does each owner seem to be using? (2)
b. Which method of measuring business size would you advise the two owners to use, and why? (4)

Growth

One of the main objectives of business.

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Let's think.....

The management of a business might set growth as one of the objectives of the business. Explain why this objective might be set. (3)

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Growth

Benefits?

- Profits
- Status
- Salaries www.igcsebusiness.co.uk
- Economies of Scale
- Market Share
- Brands

- Note: only achievable if consumers are satisfied

Ways to measure growth

- Revenue
- Profit
- Market share
- Value added
- Number of employees
- Amount of assets owned
- Value of shares in stock market

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Outcomes of growth

- Increase profit
- Become market leader
- Lower costs as more is produced
- Control suppliers
- Spread risk by diversifying
- Reduce risk of takeover
- Be competitive
- Increase reputation

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How do businesses grow?

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Internal Growth (Organic growth

- Expansion of Business
  - New branches
  - New shops
  - New Factories
- Investing in more capital goods
- Selling a variety of products.

- Quite Slow

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External Growth

Through **INTEGRATION**-when one firm combines with another business.

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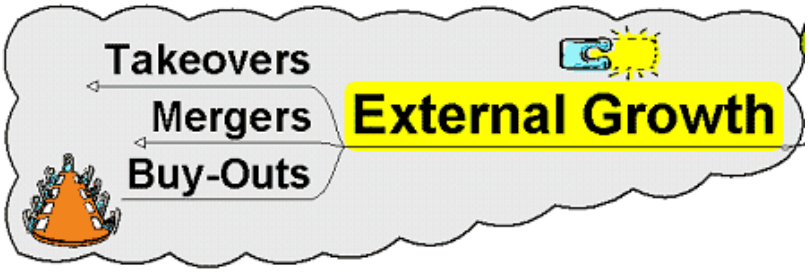

External growth

- **Mergers**
  - Two or more companies agreeing to become one united company
- **Takeovers**
  - Purchase of a controlling share (>50%) in another business
- **Buyout**
  - The purchase of one firm by another

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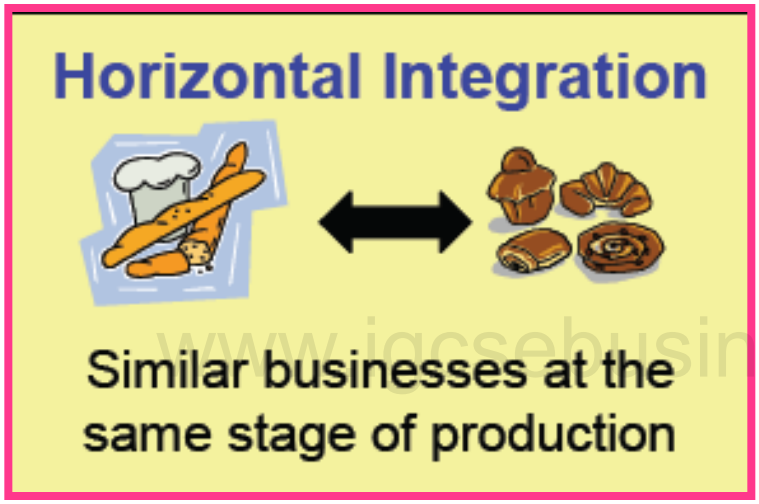
Horizontal integration



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- Buying of firms that are in the same industry & same stage of production
- Example
  - Walkers Crisps takes over Golden Wonder

Vertical integration

- One business integrates with another business at a different stage in the chain of production

Forward

- One business takes over another business that comes after it in the chain of production
- E.g. if a potato farm takes over Lays Crisps

Backward

- One business takes over another business that comes before it in the chain of production
- E.g. if a Lays Crisps takes over the potato farm

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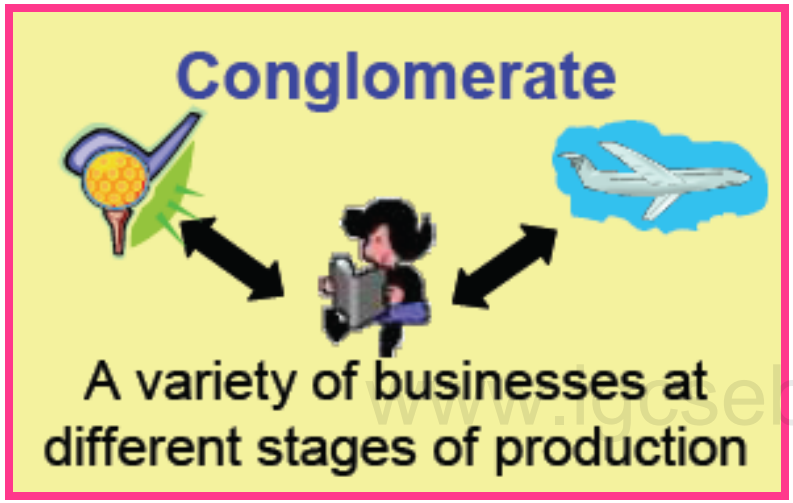
Conglomerate Integration



- Firms can also expand by **diversification**. This involves take over or merger with another firm in an unrelated industry.
- Example
  - Walkers Crisps takes over Next

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Identify the type of growth

- A garage agrees to merge with another garage

Identify the type of growth

- A bicycle retailer who expands by buying a shop in another town

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Identify the type of growth

- A fruit juice firm buys a fruit farm

Identify the type of growth

- A business making electrical goods agrees to join with a business with retail shops specialising in electrical goods

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Identify the type of growth

- A mining firm takes over a firm supplying mining equipment

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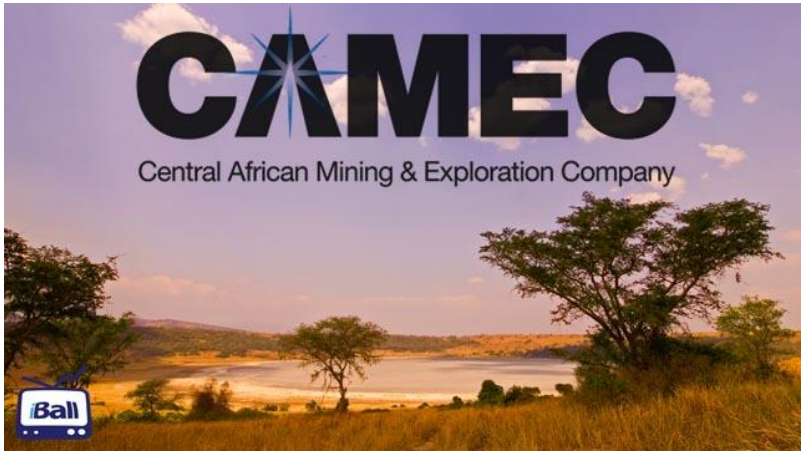

Identify the type of growth

- A construction company buys a holiday company

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Why some businesses stay small?

- Type of industry

Why some businesses stay small?

- Market Size

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Why some businesses stay small?

- Owners Objectives

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Why some businesses fail?

Poor management

Failure to plan for change

Poor financial management

Over expansion

Risk of new business start-up

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