**REVISION PACK**

**Mind Map**

**1 Business activity**

**Purpose of business activity**

Add value

Combine factors of production

Purpose of business activity

**Needs of consumers**

Needs of consumers

**Factors of production**

**2 Classification of businesses**

Factors of Production

**Business activities classified by sector**

Classification of business activity by sector

**Businesses in a mixed economy**

Mixed economy − economies with both private and public sectors

**Private sector organisations**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | Private sector organisations | |  | | | | | | | | | |
|  | | | | | | | | | |  | | | | | | | | | | |
|  |  | | |  | | |  | | |  | | |  | | |  | | |  | |
| Sole trader | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | |

**3 Enterprise, business growth and size**

**Characteristics of entrepreneurs**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | Skills of an entrepreneur | | | |  | | | | | | | | | | | | |
|  | | | | | | | | | | | | |  | | | | | | | | | | | | | | |
|  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | |
|  | |  | Self- motivated | |  |  | |  |  | |  | Strong  leadership qualities | |  |  | |  | Results driven | |  |  | |  | Good at networking | |

**Contents of a business plan**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | Contents of a business plan | |  | | | | | |
|  | | | | | | |  | | | | | | |
|  |  | | |  | | |  | | |  | | |  |
|  | |  | Details of business opportunity | |  |  | |  |  | |  | Financial forecasts – sales, revenue, profit and cash-flow forecasts | |

**Measuring business size**

Measuring business size

**Ways businesses grow**

Internal growth

Forms of business growth

Forward vertical integration

**Short Questions**

1. Define ‘opportunity cost’.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

2. Identify two advantages to a business of specialisation.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

3. Identify two examples of capital goods.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

4. Define ‘added value’.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

5. Identify two differences between the private sector and the public sector.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

6. Identify two characteristics of an entrepreneur.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

7. Identify two uses of a business plan.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

8. Identify two reasons why owners might want to grow their business.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

9. Identify two problems of business growth

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

10. With the aid of examples, explain the difference between a ‘need’ and a ‘want’.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

11. Outline two factors of production.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

12. Outline how a restaurant might achieve specialisation of labour.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

13. Outline two disadvantages of specialisation to employees.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

14. Outline two ways a business could increase value added.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

15. Using oil as an example, explain the relationship between primary and secondary sector business activity.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

16. Outline two reasons why governments might support business start-ups.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

17. Outline two ways of achieving external growth.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

18. Outline two reasons why the owner of a business may not have growth as an objective.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

**Activity - Growth of firms**

Kape Confection is a large company that sells a range of chocolate products around the world. Its objective has always been to sell as many items as cheaply as it can. All products are made by machines. A recent piece of market research has shown that consumer tastes are changing towards better quality chocolate. Kape has agreed to take over Borren, a small independent chocolate maker, whose luxury handmade chocolates are very popular with wealthy customers. Borren is keen to increase sales as it only has a small local market for its product.

1. What type of merger is this?

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..

2. What do you think are the possible advantages of this merger for the two businesses?

a. Kape:

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..

b. Borren:

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..

3. Explain any possible problems that this merger might create.

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..

……………………………………………………………………………………………………………………………………………………………………………………..