**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**

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

**3 Enterprise, business growth and size**

**Characteristics of entrepreneurs**

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

**Contents of a business plan**

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|  | Contents of a business plan |  |
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|  |  |  |  |  |  |
|  |  | 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’.

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2. Identify two advantages to a business of specialisation.

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3. Identify two examples of capital goods.

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4. Define ‘added value’.

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

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6. Identify two characteristics of an entrepreneur.

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7. Identify two uses of a business plan.

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

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9. Identify two problems of business growth

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

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11. Outline two factors of production.

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

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13. Outline two disadvantages of specialisation to employees.

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

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

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

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17. Outline two ways of achieving external growth.

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

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**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?

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

a. Kape:

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b. Borren:

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

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