

⇒ SIZE OF A BUSINESS —

→ The size of any business is determined by:

- Capital
- Contribution to economy.
- Production
- Profit
- Sales
- No. of branches (national / multinational)
- Infrastructure
- Area of facilities
- Employees

Contribution to economy is relative to the size of the country's economy & company's contribution.

→ IMPORTANCE OF SMALL BUSINESSES :

→ Geographically dispersed

→ Provide employment

→ Contribute to GDP (Gross domestic Product - the value of total output in a country in one year)

→ Provide services/products to big businesses

→ At some point in time, every big business was a small one. Government keeps encouraging them because any could turn to a big business.

⇒ PROBLEMS FACED BY THEM :

→ Most are sole traders. The owner's loss isn't distributed.

→ Finance - don't get loans easily & don't have enough resources.

→ Don't get good employees.

→ Cannot survive for long in recessions

→ Process of starting the business is difficult.

⇒ SWOT OF A BUSINESS

→ Strengths of a business could be -

- The quality of their product
- Their experience & their management
- Enough money to finance their business?
- Latest technology & machinaries
- Good brand name & loyalty
- Trained employees

→ Weaknesses of a business could be -

- Poor quality of products
- Lack of experience & management problems
- Lack of money to finance the business
- Lack of latest technology & machinaries
- Bad reputation
- Poor employees / maybe the business doesn't get enough employees.

→ Opportunities for a business could be—

- Lack of competition in the market
- Increase in demand
- New technology coming up in market
- Policy changes in the favour of the business.
- Change in preference of people
- ^(only for a few) Decreasing value of rupee against the dollar.

→ Threats of a business could be—

- Depression in their country.
- Tough competition in market
- Decrease in demand of their product
- Policy changes against the business.
- If people no more like their products / changing in taste & preference & habits of people.

⇒ PEST FOR A BUSINESS -

→ Political -

- Stability of the government.
- All policies of government (eg. export/import policies)
- All kinds of taxes that are declared during the Budget (Fiscal policy of government)

→ Economic -

- Exchange rate
- Buying power & demand of people
- Interest rates that are decided by Reserve Bank of India (RBI)
- Amount of money in circulation.

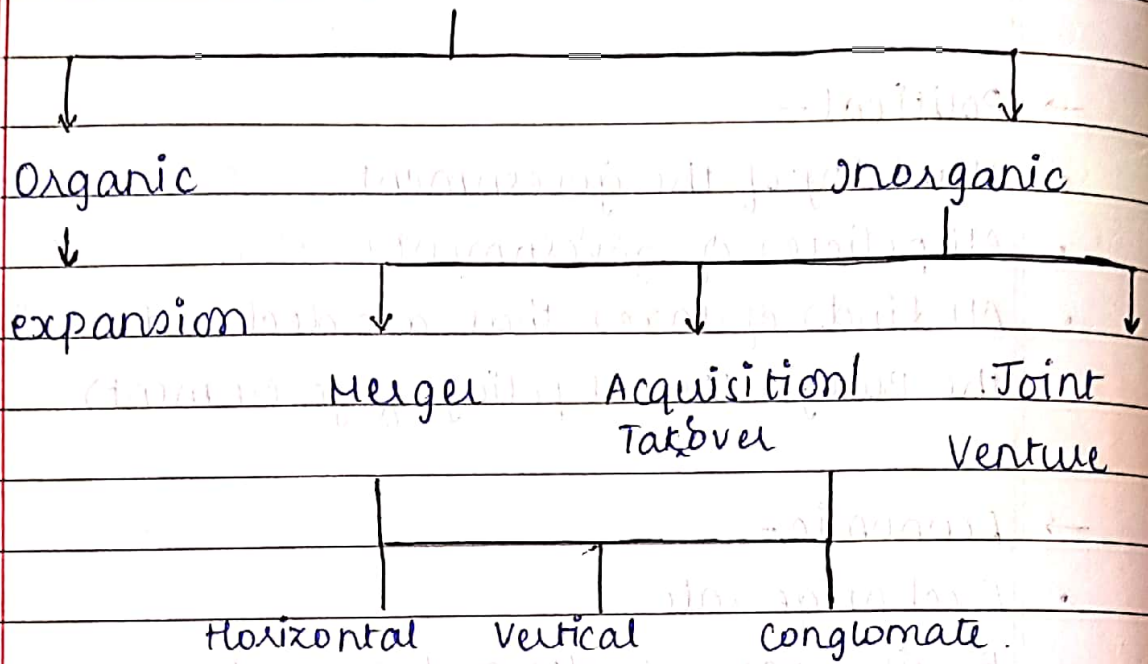
→ Social -

- Buying habits of the people
 - how frequently do people buy a product
 - mindset of people.
- Culture
- Demographics (basic information of people of country)

→ Technological

- What kind of technology do they include in the manufacture of their product
- Production Process.

BUSINESS GROWTH



- Organic Growth — Business growth achieved by expanding the existing business.
- Inorganic Growth — Business growth achieved by merging with or taking over other businesses.
- Merger — 2 companies come together & form a completely new identity. They lose their old identity.
- Takeover — When 1 business purchases another business.
- Joint venture — When 2 businesses come together for a specific purpose / market / product but don't lose their identity.

- Horizontal Merger — When 2 companies of the same industry/field merge.
- Horizontal Takeover — When one business purchases another one who is in the same stage in chain of production.
- Vertical Merger — When 2 businesses who are at different stages of chain of production, merge.
- Vertical Takeover — When one business takes over the other who is ^{at} a different stage in chain of production.
- Forward Integration — When one business takes over the other who is ~~at~~ the next stage in chain of production.
- Backward Integration — When one business takes over the other who is at the previous stage in chain of production.
- Conglomerate — 2 businesses which are completely unrelated to each other come together to grow the business.

Sometimes when a business wants to grow/become better, it sticks to the same market but comes up with a new product. OR, it explores a new market with same product. But 'new products in new market' seems risky to the businesses usually.