

# Introduction to Business Studies

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Minne Li

# Overall Assessment

Your grade will be made up as follows:

- 1<sup>st</sup> monthly test 10%
- 2<sup>nd</sup> monthly test 10%
- Mid-term 20%
- Final exam 35%
- Assignment/participation 15%
- Business Plan 10%

# Module Structure

- Section 1: Understanding the business activity
- Section 2: People in business
- Section 3: Marketing
- Section 4: Finance and accounts
- Section 5: Operations management

# Assessment outline (IBDP)

Level	Components	Duration	Weighting
<b>SL</b>	Paper 1	1 hour 15 minutes	30%
	Paper 2	1 hour 45 minutes	45%
	Internal assessment	1500 words	25%
<b>HL</b>	Paper 1	2 hour 15 minutes	35%
	Paper 2	2 hour 15 minutes	40%
	Internal assessment	2000 words	25%

# Internal Assessment (IBDP)

- **SL written commentary 25%**

Students produce a written commentary based on three to five supporting documents about real issue or problem facing a particular organization. Maximum 1500 words. (25 marks)

- **HL research project 25%**

Students research and report on an issue facing an organization or a decision to be made by an organization (or several organizations). Maximum 2000 words. (25 marks)

# Business Activity

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# The purpose of businesses

**The purpose of businesses** is to use **factors of production** to create **goods and services** in order to satisfy the **needs and wants** of people, organizations and governments.

# Factors of production

Type of factors	Description
Land	All nature resources, e.g. physical land, water, wood, minerals, fields, oil, forests
Labour	The employees
Capital	The finance, machinery, equipment
Enterprise/entrepreneur	People prepared to take the risk of setting up businesses and organize the land, labour and capital



# Goods VS services

- **Consumer goods:** goods sold to the general public rather than to other business
  - Durable consumer goods: last a long time and can be used repeatedly
  - Non-durable consumer goods: consumed shortly and can't be reused
- **Capital goods/producer goods:** products sold to other businesses to help them in their production process, e.g. buildings, machinery, specialist equipment
- **Services:** intangible products, e.g. health care, transportation, dining, legal advice, education

# Needs VS Wants

- **Needs:** basic necessities that a person must have to survive, e.g. food, water, warmth, shelter and clothing
- **Wants:** any goods or services which peoples would like to have, e.g. a larger home, a new smartphone or to go on an overseas holiday.



Make a list of your five most important wants.

Do you own any of these items? If no, why not?

If you are lucky enough to own all these items, does this mean that you no longer have any wants?

## Activity 1.3

Fatima works in a bakery and earns \$120 per week. Fatima's grandfather has given her \$5000. Fatima is going to use this money to start her own business. She is going to make cakes for special occasions such as birthdays, weddings and religious festivals.

1. Give an example for each of the four factors of production Fatima will use in her new business.
2. Is Fatima's business meeting consumer needs or wants? Justify your answer.

# Business ideas – solve existing problems

## 1. **Solve existing problems:**

your problem, others' problem, the community's problem

Notice the things that frustrate you.

Try to find the pain points.



# Business ideas – solve existing problems

## Bose headsets

**Problem:** work in a busy office, take public transport

**Solution:** noise-cancelling technology



# Business ideas – solve existing problems

## GoPro

**Problem:** Nick Woodman was unable to find amateur photographers who could get close enough to get good action-shot pictures of him surfing, or who could obtain quality equipment at an affordable price.

**Solution:** a wide-angle lens HD camera capable of taking excellent video and good action shots, and which could go where other affordable cameras couldn't.



# Business ideas - solve potential problems

## 2. Solve things that may become problems

**Elon Musk**

**Potential problem:** lack of fossil fuels will become a problem in the near future

**Solution:** Solar City, Tesla Motors

# Business idea – evolving needs

## 3. Adapt to evolving needs

**Need:** have access to data, information, photos, music and so on, no matter what device we're on.

**Product:** cloud storage, Dropbox





# Business ideas – save people money

## 4. Save people money

*“We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience.”*



# Business ideas – make life easier

## 5. Make people's life a bit easier



Salomon running shoes have full laces which don't come undone when you are running.

# Business ideas

## 6. Make things that feel like tasks less unpleasant

Gamifying software, e.g. Strava and Run on Empire check distance and average speed and give a trophy each time beating a record → makes running a little bit fun.



*What do you hate doing? How could you make it more enjoyable?*

# Business ideas

## 7. Turn a hobby or something you are passionate about into a business



What are your hobbies?

Can you turn your hobbies into a business? How?

# Develop a business name

1. Compile a list of key words
2. Add onto initial keyword list/synonyms
3. Narrow it down to a few decent names
4. Conduct a thorough Internet search and check trademarks
5. Get feedback on the name and assess if the name is catchy
6. Pick the best one

# A good business name

- Sounds good when it's said aloud
- Avoid hard-to-spell name, e.g. Flickr
- Easy to pronounce and remember
- Convey some meaning and benefit
- Avoid generic names/use specifics, e.g. Computer Consulting Company
- Don't restrict future product or service line

# Some useful websites

- [VisualThesaurus.com](https://visualthesaurus.com) (gives you a visual around a keyword)
- [NameMesh.com](https://namemesh.com) (provides a startup company name generator)
- [Naminum.com](https://naminum.com) (allows you to generate names based on a theme)