



Year 12 AS Business Studies

- Unit 1 Planning and Financing a Business



Unit 1

- Split into two parts:
 - Starting a Business – Me (Mr Sammons)
 - Financial Planning – Mr Adam
- Lots to get through before January
- Exam: 1 hour 15 minutes – 60 marks
- Based on a mini case study
- 40% of AS, 20% of A2



Starting up a Business

- Provides an introduction to Business Studies within the context of starting a new business
- Looking at the range of activities involved in setting up a business
- Today's Focus - Enterprise



Some key definitions

- Enterprise:
 - *The process by which new businesses are formed in order to offer products or services in a market*
- Entrepreneur:
 - *An individual who starts a new business and takes on risks associated with that business*



Enterprise

- Running a business is difficult (just look at Dragons Den), however very popular:
 - In the UK there are around 4.5 million separate businesses, of which 3.3 million have no staff.
- Not all survive (a lot don't) but people still give it ago!



Dragons Den

- While watching **Dragons Den**, look at the different types of businesses that have been set up
- Why or Why did they not get backing from the dragons?
- What type of personality do the successful applicants have?

Entrepreneur Characteristics

- Some famous (and untypical) examples:





Key Characteristics

- **Key characteristics of successful entrepreneurs:**
 - **Passionate** – about their product or service and about customer
 - **Visionary** – they have faith in what they are trying to do
 - **Energetic and driven** – prepared to work consistently long hours,
 - **Self-starting and decisive** – they don't wait for others to take decisions
 - **Calculated risk-taking** – not reckless; they are prepared to take a risk in order to maximise the rewards
 - **Multitasker** – able to take on more than one role
 - **Resilient** – able to handle problems and overcome hurdles
 - **Focused** – sets clear goals and self-imposed high standards
 - **Results-orientated** – take pleasure from achieving targets and setting the bar higher



Characteristics

- The previous were key whether you are the next Richard Branson or setting up as a local Plumber or Baker.

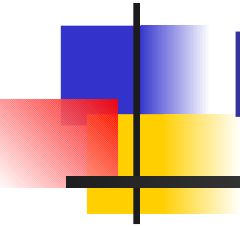


Task

- Look at the AAAbsolute Entrepreneur case study, and attempt the questions that go with it.

Enterprise and Entrepreneurs

Lesson 2





Warm up

- Say what you see
- 1.2.2 & 1.3.2



So why become an Entrepreneur

- Why would you want your own business?
- Some other reasons?
 - More flexible hours, greater control
 - Wanting to show potential
 - Fulfilling your dreams and passions
 - Wanting to be your own boss
 - Wanting satisfaction of building business
 - More rewards for effort put in
 - The Buzz of running your own business

MONEY?



Some Drawbacks?

- Can be lonely
- Nobody else to blame if things go wrong
- Earning little
- Have to work a lot harder than in other jobs, sometimes 70+ hours
- High Stress Levels
- Have to multi-task rather than get specialists
- No Benefits e.g. Sick and Holiday Pay
- Roller coaster of emotions



Risk and Reward

- It's not for the faint hearted! But can be worth it!
- The biggest risk is failure
- However the rewards can be huge!
 - *Linda Bennett, one of Britain's most successful female entrepreneurs, sold her women's fashion chain, LK Bennett, to two venture capitalists for £70 million.*



Opportunity Cost

- This is an important concept that applies to much of business studies
- When we make decisions we turn down other ideas
- **The opportunity cost of a decision is the cost of missing out on the next best alternative.** It refers to the benefits that could have been obtained by taking a different decision.



Opportunity Cost Examples

Decision	Opportunity Cost
Mark decides to leave his job as a Bank Manager and set up a franchise	The loss of salary and other benefits from working at the bank
Sheila spends her start-up marketing budget of £15,000 on a direct mailing campaign	The £15,000 could have been spent on a radio and magazine advertising campaign, or a lower amount spent on marketing with the balance saved
To finance his start-up, Gavin takes out a £100,000 bank loan on which interest of 10% will be paid	The annual £10,000 interest to be paid on the loan could be used to invest in extra production capacity, if Gavin had invested his own funds in the business



How to make a decision?

- There are three main factors to consider when making a decision and looking at the opportunity cost:
 - Likelihood of Success
 - Financial Burden
 - Impact on Stakeholder (both positive and negative)



Government Help

- Firstly Governments like enterprise and entrepreneurs
- Entrepreneurs:
 - Create jobs and help keep unemployment low
 - Invest and innovate
 - Generate substantial export earnings
 - Pay substantial amounts of tax
 - Encourage competition in markets
- Hence why we teach enterprise skills at School



How do the Government help?

Business Link	Advice on how to start, run or grow a business; includes a superb website
Department for Business, Enterprise and Regulatory Reform (“BERR”)	The main government department that coordinates the support provided to businesses. BERR also provides funding for various business support organisations. Website click here
Companies House	Manages the formation, administration and closure of companies, including the provision of company information. Website click here
UK Trade & Investment	Provides business opportunities, expert trade advice and support to UK-based companies wishing to grow their business overseas. Website click here
Competition Commission & Office of Fair Trading	Manage competition regulation and provide support and advice regarding the treatment of consumers. OFT website here.
Regional Development Agencies	Nine regional organisations (in England) that channel government investment and support into key priorities. Website click here
Government Grants	Not available to all businesses. Grants are available from several sources, such as the government, European Union, Regional Development Agencies, Business Link and local authorities. Website click here



What do you think?

- The government believes that equipping young people with vital skills is a way of securing the future economic success of the UK.
- In 2007 they pledged £180million over 3 years for this!
- How successful has it been?



Activities

- Complete:
 - The short questions that summarise, Enterprise, Entrepreneurs and Opportunity Costs.
 - Creating an enterprise culture case study