Unit 1.1: Introduction to business & management

Exist to satisfy needs and wants of citizens or organizations.

Business activity:

INPUTS = human, physical, financial, enterprise

PROCESSES = capital intensive, labour intensive

OUTPUTS = goods, services

Business functions:

- Human resources
- Marketing
- Finance and accounts
- Operations management/production

Economic sectors:

Goods
- Primary
- Secondary
- Tertiary

Services
- Quaternary

- Vertical growth → backwards vertical integration
- Vertical growth ← forwards vertical integration

Entrepreneur: An individual who demonstrates enterprise and initiative to make profit

Intrapreneur: An individual employed by an organization who demonstrates entrepreneurial thinking in the development of new products/services

Reasons for starting a business:

- Rewards
- Independence
- Necessity
- Challenge
- Interest
- Finding a gap
- Sharing an idea
The process of starting up a business:

1. Organizing the basics
2. Researching the market
3. Planning the business
4. Legal requirements
5. Raising the finance
6. Testing the market

The elements of a business plan:
- Business idea, aims and objectives
- Business organization
- HR
- Finance
- Marketing
- Operations

Calculating profit:

Profit / loss = Total revenue - total cost

↑
inflow of money (what you sell)

↑
outflow of money (machines, labour)