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

Services
- Tertiary
- Quaternary

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

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

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

Reasons for starting a business:

FINCIF

- 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

Total revenue: inflow of money (what you sell)

total cost: outflow of money (machines, labour)