

**Edexcel Business Studies**  
**Theme 1 Revision – Traffic light review**

<b>Traffic Light Review – Theme 1 revision</b>	<b>Very confident</b>	<b>Less so</b>	<b>Do this first!</b>
<b>Topic 1.1 Enterprise and entrepreneurship</b>			
<b>1.1.1 The dynamic nature of business</b>			
Why new business ideas come about: <ul style="list-style-type: none"> <li>◦ changes in technology</li> <li>◦ changes in what consumers want</li> <li>◦ products and services becoming obsolete</li> </ul>			
How new business ideas come about: <ul style="list-style-type: none"> <li>◦ original ideas</li> <li>◦ adapting existing products/services/ideas</li> </ul>			
<b>1.1.2 Risk and reward</b>			
The impact of risk and reward on business activity: <ul style="list-style-type: none"> <li>◦ risk: business failure, financial loss, lack of security</li> <li>◦ reward: business success, profit, independence</li> </ul>			
<b>1.1.3 The role of business enterprise</b>			
The role of business enterprise and the purpose of business activity: <ul style="list-style-type: none"> <li>◦ to produce goods or services</li> <li>◦ to meet customer needs</li> <li>◦ to add value: convenience, branding, quality, design, unique selling points.</li> </ul>			
The role of entrepreneurship: <ul style="list-style-type: none"> <li>◦ an entrepreneur: organises resources, makes business decisions, takes risks.</li> </ul>			
<b>Topic 1.2 Spotting a business opportunity</b>			
<b>1.2.1 Customer needs</b>			
Identifying and understanding customer needs: <ul style="list-style-type: none"> <li>◦ what customer needs are: price, quality, choice, convenience</li> <li>◦ the importance of identifying and understanding customers: generating sales, business survival.</li> </ul>			
<b>1.2.2 Market research</b>			
The purpose of market research: <ul style="list-style-type: none"> <li>◦ to identify and understand customer needs</li> <li>◦ to identify gaps in the market</li> <li>◦ to reduce risk</li> <li>◦ to inform business decisions</li> </ul>			
Methods of market research: <ul style="list-style-type: none"> <li>◦ primary research: survey, questionnaire, focus group, observation</li> <li>◦ secondary research: internet, market reports, government reports.</li> </ul>			
The use of data in market research: <ul style="list-style-type: none"> <li>◦ qualitative and quantitative data</li> <li>◦ the role of social media in collecting market research data</li> <li>◦ the importance of the reliability of market research data.</li> </ul>			
<b>1.2.3 Market segmentation</b>			
How businesses use market segmentation to target customers: <ul style="list-style-type: none"> <li>◦ identifying market segments: location, demographics, lifestyle, income, age</li> <li>◦ market mapping to identify a gap in the market and the competition.</li> </ul>			

<b>1.2.4 The competitive environment</b>			
Understanding the competitive environment: <ul style="list-style-type: none"> <li>strengths and weaknesses of competitors based on: price, quality, location, product range and customer service</li> <li>the impact of competition on business decision making</li> </ul>			
<b>Topic 1.3 Putting a business idea into practice</b>			
<b>1.3.1 Business aims and objectives</b>			
What business aims and business objectives are. Business aims and objectives when starting up: <ul style="list-style-type: none"> <li>financial aims and objectives: survival, profit, sales, market share, financial security</li> <li>non-financial aims and objectives: social objectives, personal satisfaction, challenge, independence and control.</li> <li>Why aims and objectives differ between businesses.</li> </ul>			
<b>1.3.2 Business revenues, costs and profits</b>			
The concept and calculation of: <ul style="list-style-type: none"> <li>revenue</li> <li>fixed and variable costs</li> <li>total costs</li> <li>profit and loss</li> <li>interest</li> <li>break even level of output</li> <li>margin of safety</li> </ul>			
Interpretation of break even diagrams: <ul style="list-style-type: none"> <li>the impact of changes in revenue and costs</li> <li>break even level of output</li> <li>margin of safety</li> <li>profit and loss</li> </ul>			
<b>1.3.3 Cash and cash-flow</b>			
The importance of cash to a business: <ul style="list-style-type: none"> <li>to pay suppliers, overheads and employees</li> <li>to prevent business failure (insolvency)</li> <li>the difference between cash and profit.</li> </ul>			
Calculation and interpretation of cash-flow forecasts: <ul style="list-style-type: none"> <li>cash inflows</li> <li>cash outflows</li> <li>net cash flow</li> <li>opening and closing balances.</li> </ul>			
<b>1.3.4 Sources of business finance</b>			
Sources of finance for a start-up or established small business: <ul style="list-style-type: none"> <li>short-term sources: overdraft and trade credit</li> <li>long-term sources: personal savings, venture capital, share capital, loans, retained profit and crowd funding.</li> </ul>			
<b>Topic 1.4 Making the business effective</b>			
<b>1.4.1 The options for start-up and small businesses</b>			
The concept of limited liability: <ul style="list-style-type: none"> <li>limited and unlimited liability</li> <li>the implications for the business owner(s) of limited and unlimited liability.</li> </ul>			
The types of business ownership for start-ups: <ul style="list-style-type: none"> <li>sole trader, partnership, private limited company</li> <li>the advantages and disadvantages of each type of business ownership.</li> </ul>			

The option of starting up and running a franchise operation: ◦ the advantages and disadvantages of franchising			
<b>1.4.2 Business location</b>			
Factors influencing business location: ◦ proximity to: market, labour, materials and competitors ◦ nature of the business activity ◦ the impact of the internet on location decisions: e-commerce and/or fixed premises.			
<b>1.4.3 The marketing mix</b>			
What the marketing mix is and the importance of each element: ◦ price, product, promotion, place.			
How the elements of the marketing mix work together: ◦ balancing the marketing mix based on the competitive environment ◦ the impact of changing consumer needs on the marketing mix the impact of technology on the marketing mix: e-commerce, digital communication.			
<b>1.4.4 Business plans</b>			
The role and importance of a business plan: ◦ the business idea; ◦ business aims and objectives; ◦ target market (market research); ◦ forecast revenue, ◦ cost and profit; ◦ cash-flow forecast; ◦ sources of finance; ◦ location; ◦ marketing mix.			
The purpose of planning business activity: ◦ the role and importance of a business plan in minimising risk and obtaining finance			
<b>Topic 1.5 Understanding external influences on business</b>			
<b>1.5.1 Business stakeholders</b>			
Who business stakeholders are and their different objectives: ◦ shareholders (owners), employees, customers, managers, suppliers, local community, pressure groups, the government			
Stakeholders and businesses: ◦ how stakeholders are affected by business activity ◦ how stakeholders impact business activity ◦ possible conflicts between stakeholder groups			
<b>1.5.2 Technology and business</b>			
Different types of technology used by business: ◦ e-commerce ◦ social media ◦ digital communication ◦ payment systems			
How technology influences business activity in terms of: ◦ sales ◦ costs ◦ marketing mix			

1.5.3 Legislation and business			
The purpose of legislation: <ul style="list-style-type: none"> <li>◦ principles of consumer law: quality and consumer rights</li> <li>◦ principles of employment law: recruitment, pay, discrimination and health and safety</li> </ul>			
The impact of legislation on businesses: <ul style="list-style-type: none"> <li>◦ cost</li> <li>◦ consequences of meeting and not meeting these obligations</li> </ul>			
1.5.4 The economy and business			
The impact of the economic climate on businesses: <ul style="list-style-type: none"> <li>◦ unemployment, changing levels of consumer income, inflation, changes in interest rates, government taxation, changes in exchange rates</li> </ul>			
1.5.5 External influences			
The importance of external influences on business: <ul style="list-style-type: none"> <li>◦ possible responses by the business to changes in: technology, legislation, the economic climate.</li> </ul>			