

Traffic Light Review – Theme 2 revision	Very confident	Less so	Do this first!
<b>Topic 2.1 Growing the business</b>			
<b>2.1.1 Business growth</b>			
<p>Methods of business growth and their impact:</p> <ul style="list-style-type: none"> <li>● internal (organic) growth: <ul style="list-style-type: none"> <li>○ new products (innovation, research and development)</li> <li>○ new markets (through changing the marketing mix or taking advantage of technology and/or expanding overseas)</li> </ul> </li> <li>● external (inorganic) growth: <ul style="list-style-type: none"> <li>○ merger</li> <li>○ takeover</li> </ul> </li> </ul>			
<p>The types of business ownership for growing businesses:</p> <ul style="list-style-type: none"> <li>● public limited company (plc)</li> </ul>			
<p>Sources of finance for growing and established businesses:</p> <ul style="list-style-type: none"> <li>● internal sources: <ul style="list-style-type: none"> <li>○ retained profit</li> <li>○ selling assets</li> </ul> </li> <li>● external source: <ul style="list-style-type: none"> <li>○ loan capital</li> <li>○ share capital, including stock market flotation (public limited companies)</li> </ul> </li> </ul>			
<b>2.1.2 Change in business aims and objectives</b>			
<p>Why business aims and objectives change as businesses evolve:</p> <ul style="list-style-type: none"> <li>● in response to: <ul style="list-style-type: none"> <li>○ market conditions</li> <li>○ technology</li> <li>○ performance</li> <li>○ legislation</li> <li>○ internal reasons</li> </ul> </li> </ul>			
<p>How business aims and objectives change as businesses evolve:</p> <ul style="list-style-type: none"> <li>● focus on survival or growth</li> <li>● entering or exiting markets</li> <li>● growing or reducing the workforce</li> <li>● increasing or decreasing product range</li> </ul>			
<b>2.1.3 Business and globalisation</b>			
<p>The impact of globalisation on businesses:</p> <ul style="list-style-type: none"> <li>● imports: competition from overseas, buying from overseas</li> <li>● exports: selling to overseas markets</li> <li>● changing business locations</li> <li>● multinationals</li> </ul>			
<p>Barriers to international trade:</p> <ul style="list-style-type: none"> <li>● tariffs</li> <li>● trade blocs</li> </ul>			
<p>How businesses compete internationally:</p> <ul style="list-style-type: none"> <li>● the use of the internet and e-commerce</li> <li>● changing the marketing mix to compete internationally</li> </ul>			
<b>2.1.4 Ethics, the environment and business</b>			
<p>The impact of ethical and environmental considerations on businesses:</p>			

<ul style="list-style-type: none"> <li>• how ethical considerations influence business activity: possible trade-offs between ethics and profit</li> <li>• how environmental considerations influence business activity: possible trade-offs between the environment, sustainability and profit</li> <li>• the potential impact of pressure group activity on the marketing mix</li> </ul>			
<b>Topic 2.2 Making marketing decisions</b>			
<b>2.2.1 Product</b>			
The design mix: <ul style="list-style-type: none"> <li>• function, aesthetics, cost</li> </ul> The product life cycle: <ul style="list-style-type: none"> <li>• the phases of the product life cycle</li> <li>• extension strategies</li> </ul> The importance to a business of differentiating a product/ service			
<b>2.2.2 Price</b>			
<ul style="list-style-type: none"> <li>• pricing strategies</li> <li>• influences on pricing strategies:               <ul style="list-style-type: none"> <li>○ technology</li> <li>○ competition</li> <li>○ market segments</li> <li>○ product life cycle</li> </ul> </li> </ul>			
<b>2.2.3 Promotion</b>			
<ul style="list-style-type: none"> <li>• appropriate promotion strategies for different market segments:               <ul style="list-style-type: none"> <li>○ advertising</li> <li>○ sponsorship</li> <li>○ product trials</li> <li>○ special offers</li> <li>○ branding</li> </ul> </li> <li>• the use of technology in promotion:               <ul style="list-style-type: none"> <li>○ targeted advertising online</li> <li>○ viral advertising via social media</li> <li>○ e-newsletters</li> </ul> </li> </ul>			
<b>2.2.4 Place</b>			
<ul style="list-style-type: none"> <li>• methods of distribution: retailers and e-tailers (e-commerce).</li> </ul>			
<b>2.2.5 Using the marketing mix to make business decisions</b>			
How each element of the marketing mix can influence other elements. Using the marketing mix to build competitive advantage How an integrated marketing mix can influence competitive advantage			
<b>Topic 2.3 Making operational decisions</b>			
<b>2.3.1 Business operations</b>			
The purpose of business operations: <ul style="list-style-type: none"> <li>• to produce goods</li> <li>• to provide services</li> </ul>			
Production processes: <ul style="list-style-type: none"> <li>• different types:               <ul style="list-style-type: none"> <li>○ job</li> <li>○ batch</li> <li>○ flow</li> </ul> </li> <li>• the impact of different types of production process: keeping productivity up and costs down and allowing for competitive prices</li> </ul>			
Impacts of technology on production:			

● balancing cost, productivity, quality and flexibility.			
<b>2.3.2 Working with suppliers</b>			
Managing stock: ● interpretation of bar code stock graphs ● the use of just in time (JIT) stock control.			
The role of procurement: ● relationships with suppliers: ○ quality ○ delivery (cost, speed, reliability) ○ availability ○ cost ○ trust ● the impact of logistics and supply decisions on: ○ costs ○ reputation ○ customer satisfaction			
<b>2.3.3 Managing quality</b>			
The concept of quality and its importance in: ● the production of goods and the provision of services: quality control and quality assurance ● allowing a business to control costs and gain a competitive advantage			
<b>2.3.4 The sales process</b>			
The sales process: ○ product knowledge ○ speed and efficiency of service ○ customer engagement ○ responses to customer feedback ○ post-sales service The importance to businesses of providing good customer service			
<b>Topic 2.4 Making financial decisions</b>			
<b>2.4.1 Business calculations</b>			
The concept and calculation of: ● gross profit ● net profit			
Calculation and interpretation of: ● gross profit margin ● net profit margin ● average rate of return			
<b>2.4.2 Understanding business performance</b>			
The use and interpretation of quantitative business data to support, inform and justify business decisions: ● information from graphs and charts ● financial data ● marketing data ● market data			
The use and limitations of financial information in: ● understanding business performance ● making business decisions			
<b>Topic 2.5 Making human resource decisions</b>			
<b>2.5.1 Organisational structures</b>			
Different organisational structures and when each are appropriate: ● hierarchical and flat ● centralised and decentralised			

<p>The importance of effective communication:</p> <ul style="list-style-type: none"> <li>● the impact of insufficient or excessive communication on efficiency and motivation</li> <li>● barriers to effective communication</li> </ul>			
<p>Different ways of working:</p> <ul style="list-style-type: none"> <li>● part-time, full-time and flexible hours</li> <li>● permanent, temporary, and freelance contracts</li> <li>● the impact of technology on ways of working: efficiency, remote working</li> </ul>			
<b>2.5.2 Effective recruitment</b>			
<p>Different job roles and responsibilities:</p> <ul style="list-style-type: none"> <li>● key job roles and their responsibilities: <ul style="list-style-type: none"> <li>○ directors</li> <li>○ senior managers</li> <li>○ supervisors/team leaders</li> <li>○ operational and support staff</li> </ul> </li> </ul>			
<p>How businesses recruit people:</p> <ul style="list-style-type: none"> <li>● documents: <ul style="list-style-type: none"> <li>○ person specification and job description</li> <li>○ application form</li> <li>○ CV</li> </ul> </li> <li>● recruitment methods used to meet different business needs (internal and external recruitment)</li> </ul>			
<b>2.5.3 Effective training and development</b>			
<p>How businesses train and develop employees:</p> <ul style="list-style-type: none"> <li>● different ways of training and developing employees: <ul style="list-style-type: none"> <li>○ formal and informal training</li> <li>○ self-learning</li> <li>○ ongoing training for all employees</li> <li>○ use of target setting and performance reviews</li> </ul> </li> </ul>			
<p>Why businesses train and develop employees:</p> <ul style="list-style-type: none"> <li>● the link between training, motivation and retention</li> <li>● retraining to use new technology</li> </ul>			
<b>2.5.4 Motivation</b>			
<p>The importance of motivation in the workplace:</p> <ul style="list-style-type: none"> <li>● attracting employees, retaining employees, productivity.</li> </ul>			
<p>How businesses motivate employees:</p> <ul style="list-style-type: none"> <li>● financial methods: <ul style="list-style-type: none"> <li>○ remuneration</li> <li>○ bonus</li> <li>○ commission</li> <li>○ promotion</li> <li>○ fringe benefits</li> </ul> </li> <li>● non-financial methods: <ul style="list-style-type: none"> <li>○ job rotation</li> <li>○ job enrichment</li> <li>○ autonomy</li> </ul> </li> </ul>			