

# Edexcel GCSE Business Studies

## Unit 1- Introduction to Small Business

## Revision Guide

Student:.....

Form:.....

## **Overview of content**

**This unit contains five topics:**

- Spotting a business opportunity
- Showing enterprise
- Putting a business idea into practise
- Making the start-up effective
- Understanding the economic context

It is worth **25%** of the total GCSE

**External assessment: 45 minutes**

Compulsory multiple choice and objective test questions worth a total of 40 marks.

### **Topic 1.1 Spotting a business opportunity**

<b>What you know to learn</b>	<b>Tick when complete</b>
What is the difference between primary and secondary research and be able to give examples of each type of research.	
What is the difference between quantitative and qualitative research and be able to give examples of each type of research	
What is a market map and how is it used in business.	
How to analyse competitor strengths and weaknesses.	
What is meant by the term 'added value' and be able to explain its importance in business.	
What are the main sources of added value (convenience and speed, branding, quality, design, unique selling point)	
What is a Franchise?	
Know the difference between a franchisee and franchisor.	
What are the advantages and disadvantages of using a franchise as a means of starting a new business?	
How can you identify a suitable start up location?	

### **Topic 1.2 Showing enterprise**

<b>What you need to learn</b>	<b>Tick when complete</b>
What is enterprise?	
What is deliberate creativity and why is thinking creatively important in developing both competitive advantage and a new business.	
What is the difference between innovation and invention and how does innovation bring new ideas to the market.	
If an entrepreneur has a patent what does this mean?	
What is copyright?	
Understand the principle of taking a calculated risk?	

### **Topic 1.3 Putting a business idea into practise**

<b>What you need to learn</b>	<b>Tick when complete</b>
What is the difference between financial and non-financial objectives and be able to give examples of each.	
Identify the qualities shown by an entrepreneur eg determination, initiative, willingness to take risks etc	
What is the difference between fixed, variable and total costs?	
How can businesses forecast sales volume to estimate sales revenue?	
What is the difference between price, cost and profit?	
Explain how profit is the difference between the total revenue generated over a period minus total costs.	
What is the impact of profit and losses on a business and its owner?	
Know how to confidently complete a cash flow forecast.	
What are cash inflows and cash outflows?	
What are the difference sources of finance for a small business? Be able to identify if they are short term, medium term or long term sources of finance.	

### **Topic 1.4 Making the start-up effective**

<b>What you need to learn</b>	<b>Tick when complete</b>
What is the marketing mix? How can it be changed to meet changing customer needs?	
What is limited and unlimited liability?	
What is the difference between a sole trader and private limited company status?	
Why is establishing a unique trading and business name important?	
Understand why it is important to keep careful records, the implications of VAT, income tax, National insurance and Corporation tax for the business	
Recognise the importance of customer satisfaction and repeat business to the success of a business	
Know how effective customer service includes fulfilling customer orders accurately and on time and dealing with complaints	
The basic process involved in recruiting staff to work in a small business.	
Know the importance of treating staff fairly and a simple understanding of the impact of relevant legislation, eg relating to age, sex, race and disability discrimination.	

### **Topic 1.5 Understanding the economic context**

<b>What you need to learn</b>	<b>Tick when complete</b>
The difference between commodity markets and normal markets.	
The effect on small firms of price changes in raw materials and energy costs	
How changing interest rates affect small firms which tend to rely on overdrafts and loans for finance.	
The impact of changing interest rates on consumer spending.	
Explain what exchange rates are and how changes in the £/ \$ or £/€ affect small firms that trade abroad or face competition from abroad.	
The impact of changing exchange rates on the price of imported and exported goods	
How to calculate exchange rates on product prices	
How do business cycles affect small businesses?	
Who are stakeholders in a business? Be able to give examples	
What effect do business decisions have on stakeholders?	
Understand the problems a business may face in meeting the demands of all stakeholders.	

**Key terms you need to know**

<b>Primary research</b>	
<b>Secondary research</b>	
<b>Qualitative research</b>	
<b>Quantitative research</b>	
<b>Market mapping</b>	
<b>Marketing Mix</b>	
<b>Market segment</b>	
<b>Adding value</b>	
<b>Repeat purchase</b>	
<b>Franchising</b>	
<b>Franchisor</b>	
<b>Franchisee</b>	
<b>Enterprise skills</b>	
<b>Deliberate creativity</b>	
<b>innovation</b>	
<b>invention</b>	
<b>Calculated risk</b>	

<b>Patent</b>	
<b>Copyright</b>	
<b>Financial objectives</b>	
<b>Non-financial objectives</b>	
<b>Sales revenue</b>	
<b>Profit</b>	
<b>Fixed costs</b>	
<b>Variable costs</b>	
<b>Total costs</b>	
<b>Sales forecast</b>	
<b>Cashflow forecast</b>	
<b>Limited liability</b>	
<b>Unlimited liability</b>	
<b>Sole trader</b>	
<b>Private limited company</b>	
<b>Interest rate</b>	
<b>Exchange rates</b>	
<b>Stakeholder</b>	

### **Top tips to exam success**

- Don't leave your revision to the last minute. Set yourself a revision plan and study one topic at a time.
- Ask family and friends to test your knowledge of key terms/business theory.
- Read each question carefully and thoroughly and make sure you understand what it is asking.
- Answer the questions you feel most confident with first.
- Make sure you answer ALL questions on the paper.
- Make sure you allow yourself enough time to complete the paper.
- Check your answers at the end if you have time.
- Think positive and do your best.

**Good Luck**