COMPONENT 1 - Exploring Enterprises

WHAT IS ENTERPRISE?

A

- **Learning Aim A** Examine the characteristics of enterprises

What is an enterprise? Enterprise is the term used to describe a business or company.

For an enterprise to be successful the entrepreneur must spot a gap in the market.

How do enterprises compete?

Enterprises face competition if their products are **not** unique.

If anther enterprise sells the **same or similar** products; there are called your competition or competitors.

Every enterprise needs to:
- Decide on the features or characteristics that make its goods and services different from other enterprises.
- Ensure that customers are aware of what makes it different.

Goods are sold physically.
For example: an enterprise may sell trainers or books.

Services are offered to anyone who needs them - for example a barber or a cleaner provide a service.

How do enterprises attract & keep customers

- **Firstly:** Customers must be kept happy!

- Good customer service: attracting new customers, encourages repeat purchasing, supports loyalty and customers will freely promote your business.
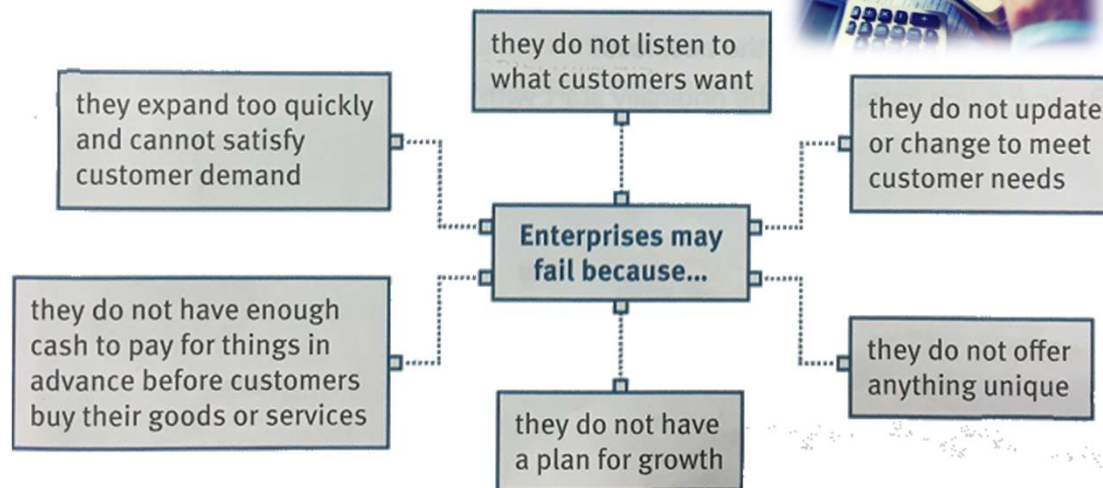
New enterprise find it hard to attract customers because:

- Customers aren't always aware of new enterprises
- The reputation hasn't been built up
- Loyalty and trust hasn't been established.

Smaller enterprise find it hard to attract new customers because:

- They don't have much money to advertise like bigger enterprises do
- Their goods/services may be more expensive as it costs them more to produce a smaller number of products.

Why might an enterprise fail?

they expand too quickly and cannot satisfy customer demand

they do not listen to what customers want

they do not update or change to meet customer needs

Enterprises may fail because...

they do not have enough cash to pay for things in advance before customers buy their goods or services

they do not have a plan for growth

they do not offer anything unique

Customer service can really support an enterprise, the business must:

➢ Identify customer needs

➢ Identify the expectation of the customer

➢ Offer good value products and service

➢ Respond to enquiries by customers

➢ Provide clear and honest information

➢ Offer after sales service

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How does good customer service help a business?

It attracts new customers to try the goods and services which the enterprise offers.

It encourages customers to come back and buy again (repeat purchase). It encourages customers to be loyal to the brand/enterprise which means they don't shop elsewhere.

It makes sure customers are happy, they are more likely to share positive stories/reviews about your enterprise (verbally and written) with others. This enhances the reputation of your enterprise and possibly encourages others to try out your business.

CUSTOMER
FRIENDLY
SUPPORT
INNOVATIVE
COMMUNICATIVE
EFFECTIVE
CREATIVE

How do enterprises keep customers loyal?

Good customer service can attract new customers because they hear about the wonderful things the new business are doing; this helps an entrepreneur to gain a good reputation and loyal customers.

Loyalty can be kept by offering incentives to keep customers interested; these also help the enterprise with competing with other enterprises.

Examples:
- Social media promotions (e.g. 'Like & Share')
- Newsletters
- Online comments and feedback
- Loyalty cards (e.g. Points cards / stamp card)

How can an enterprise be creative and show they're innovative?

SMEs must be flexible and be willing to adapt to make sure customers are happy.

Innovation / Innovative means coming up with new ideas.

How can an enterprise be innovative?
- Fill gaps in the market
- Develop new ideas that other enterprises aren't yet offering

How can an enterprise be creative?
- Get feedback from customers
- List to and act on what customers want.

COMPONENT 1 - Exploring Enterprises

- TYPES & CHARACTERISTICS OF SME
- THEPURPOSE OF ENTERPRISE

A

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Types of SME and their characteristics

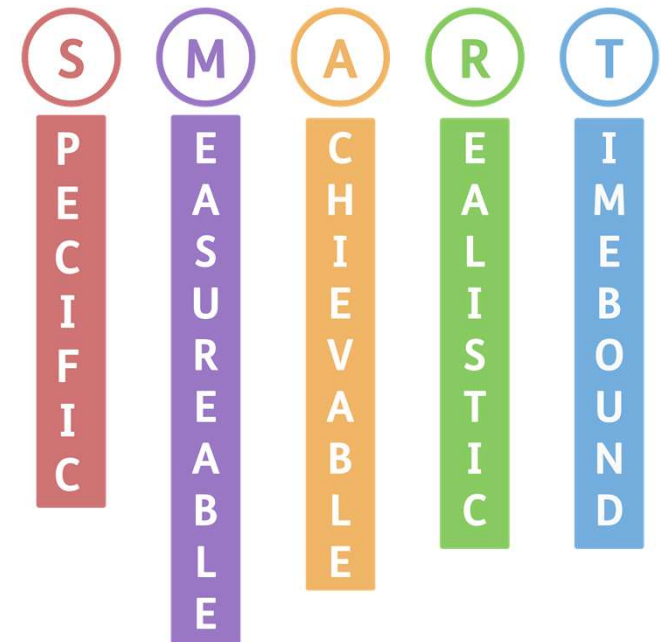| Micro	Small	Medium
0-10	11-49	50-249
Run by their self employed owner; they can be profit-making or not-for-profit (e.g. charity). These can be run by anyone.	These are often limited companies; this means the owner is only responsible for debts up to the amount the have invested. Example: if they invest £100,000 they're only responsible for £100,000 worth of debts.	These businesses have different roles within them due to their size (examples: finance department, production, sales). These are very formal businesses and have legal status of being 'limited' (LTD)

Types of ownership

Sole trade	Partnership	Limited Company
An individual person owns a business. **unlimited liability**	Two or more people own a business. **unlimited liability**	Often a family-run business with the protection of **limited liability**

Some businesses chose to operate just with a physical premises, some with just an online presence. Other businesses choose to take advantage of both online presence and physical premises (they're multichannel)

Aims of enterprise

Making a profit — Many SME's have the primary aims of making a profit. They're usually running the enterprise to make money for themselves & their families

Surviving — Many SME's fail within the first 12 months of trading. Causes include- high Costs, Low Sales, Loss of customers

Expanding — This is often an aim because being larger can mean higher profits. They could move location, increase customers, increase product portfolio, offer additional services to existing customers

Maximising Sales — Making more sales is important as it often means more customers. ALL SME's have to do this to survive.

Being Environmentally friendly & ethical — It is important to consider the environment and material used to produce the goods and services. Ideally they need to think about recycling, reducing and reusing and providing ethical working conditions with pay and standards.

Providing a charitable service — Some SME's are set up to provide a charitable service to the community.

Objectives should be …

- **S** PECIFIC
- **M** EASUREABLE
- **A** CHIEVABLE
- **R** EALISTIC
- **T** IMEBOUND

COMPONENT 1 - Exploring Enterprises

- THE PURPOSE OF ENTERPRISE
- ENTREPRENEURS

A

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How can SOCIAL pressures impact a enterprise?

- A social pressure if an influence that communities, customers and business owners, employees and other enterprises have on the way an enterprise operates. They try to pressure you to run your enterprise a certain way and can result in an enterprise making changes (sometimes costing them time and money).

- Social pressures can result in 'social enterprises' being set up.

Page 14 of your text book will give you examples if you need them.

How can POLITICAL pressures impact a enterprise?

- Political pressures include laws, campaigns and politics (local council, national, European and international governments and associations).

- These pressures might change the way people are employed or change the amount of tax that has to be paid for example.

- These pressures can be positive, for examples SMEs may be given funding if they comply with a pressure – this might be a grant to support them in being environmental for example.
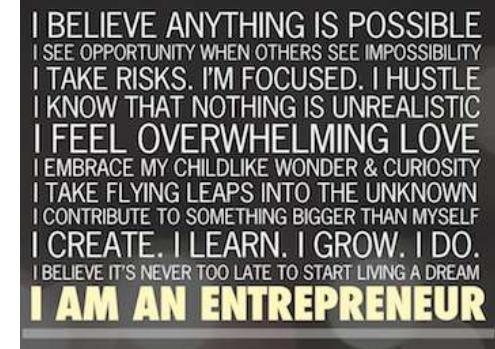
Why would someone start their own enterprise?

- To make a difference
- To choose when I work (flexibility)
- To do something I'm interested in
- To be my own boss

What mind set should an entrepreneur have?

They should be…
Confident
- Proactive
- Focused
- Dedicated
- Motivated
- Innovative
- Passionate
- Adaptable
- Resilient
- Visionary

I BELIEVE ANYTHING IS POSSIBLE
I SEE OPPORTUNITY WHEN OTHERS SEE IMPOSSIBILITY
I TAKE RISKS. I'M FOCUSED. I HUSTLE
I KNOW THAT NOTHING IS UNREALISTIC
I FEEL OVERWHELMING LOVE
I EMBRACE MY CHILDLIKE WONDER & CURIOSITY
I TAKE FLYING LEAPS INTO THE UNKNOWN
I CONTRIBUTE TO SOMETHING BIGGER THAN MYSELF
I CREATE. I LEARN. I GROW. I DO.
I BELIEVE IT'S NEVER TOO LATE TO START LIVING A DREAM
I AM AN ENTREPRENEUR

YOUR PLAN. REALITY.

What skills should a 'good' entrepreneur have?

Skills that make a good entrepreneur: Managing risks, Interpersonal communication skills, Problem solving, Prioritising tasks, Technical skills, Planning, Time management, Negotiation