

TOPIC 1.1 ENTERPRISE & ENTREPRENEURSHIP

START

1 Define the term entrepreneur.

2 State three skills or qualities Daisy would need to be successful as an entrepreneur.

3 Explain two reasons why an individual, like Daisy, would want to set up their own business.

4 Explain two of the main risks associated with a new business start-up like Splash & Play.

14 Daisy is ambitious and plans to grow her business further. Explain the factors that may impact on the success of her future developments to Splash & Play.

13 If Daisy's plans go ahead she forecasts a 20% growth in average customer numbers between June and December. Using the data drop provided calculate the forecasted average customer number for December.

12 Daisy is keen to respond to what her customers want. Explain two ways in which Daisy could gather feedback from her customers.

11 Using the data drop provided, calculate the percentage change in average customer numbers between January and June.

BUSINESS PROFILE



Splash & Play *Time to take the plunge!*

At the young age of 18, entrepreneur Daisy Green spotted a gap in the market for a water based play centre, Splash & Play, designed for babies and toddlers aged 0-5 years.

Starting from an idea she had during her part-time job as a lifeguard, Daisy was keen to build a business that offered something different to a traditional soft play centre as she felt the market for these was becoming saturated and that some may become obsolete.

The first 6 months have been a huge success and Daisy is planning to build on her existing USP further in order to add more value to her product.



Data Drop						
	Jan	Feb	Mar	Apr	May	Jun
Average customer numbers	500	550	650	650	700	750

10 Daisy has noticed that the numbers of customers through the doors fluctuates across the week, explain the possible risks associated with this.

9 State and explain what the letters USP stands for.

5 Explain the differences between goods and services.

6 Explain how price can influence the demand for a product or service.

7 a) Define the term added value.

b) Explain the two ways in which a business, like Splash & Play, can add value to its product.

8 a) Explain what is meant by the term obsolete.

b) State two reasons why products or services become obsolete.

ENTERPRISE & ENTREPRENEURSHIP SUGGESTED ANSWERS

1 A business minded individual who sees an opportunity and is willing to take risks in making it happen.

2 Risk taker, initiative, business mind, hard worker, ability to make decisions.

3 Rewards include: Independence 'being her own boss' able to make her own decisions. Profit and wealth – the ability to generate large returns that can be reinvested to grow the business further.

4 Risks include: Business failure – 50% new start-ups fail within 5 years. Financial loss – unlimited liability with sole traders and partnerships means the owner is personally liable for any debts.

14 Demand for her product/service. Reputation she builds for the business. Impact of competition. Meeting customer needs. Responsiveness to customer feedback and changing market demand.

TIME TO REVIEW YOUR LEARNING...
List three content points that you are confident with and three that require some attention.

5 Goods are products, items that can be touched or held. In contrast, services are usually invisible/intangible.

13 750 customers – calculate 20% = 150 customers.
750 (June) + 150 (20% increase) = 900 forecast December.

Confident with

Requires attention

1

1

2

2

3

3

6 Generally higher prices lead to lower demand as customers look for cheaper alternatives, known as substitutes.

12 Daisy could collect customer feedback from individuals immediately; asking them questions or getting them to fill in a short survey. Daisy could use technology and collect customer details e.g. email address to gather feedback after they have been and perhaps offer an incentive, discount, for them to return.

7 a) Added value is the difference between the cost of materials and the selling price.
b) Increasing the selling price or by cutting the costs.

11 % change = change /original x 100
Jan = 500 (original)
Jun – Jan = 750 – 500 = 250 (change)
250/500 x 100 = 50% increase in average customers (per month)

10 Depending on customer numbers Splash & play may be running at a loss at certain times of the week.
Small numbers may impact on the customer experience and mean that they are less likely to return in the future.

9 Unique Selling Point. A USP is an original feature of a product that competitors do not offer. A USP enables a business to add more value to its product or service.

8 a) A product or service is obsolete when no one wants it any longer.
b) Changes in consumer tastes and fashion or advances in technology.