

## **Business Enterprise**

### **Task 10 D1**

**Evaluate issues that need to be considered when starting and running a business.**

#### **Business ownership**

This is one of the most important issue that needs to be considered when starting and running a business. I say this because the person who owns the business will have full control of the business; this will mean that they will get to make all the decisions about the business such as the amount of money spent on stock. Any profit made by the business goes to the owner; the owner can choose to keep the profit or to invest into the business. If the owner of the business is a sole trader then he will have unlimited liability, this means that if the business goes bankrupt the owner could lose his possessions such as house and car.

#### **Market Research**

This also an important issue because the business needs to find out what customers need and expect from them. Research helps the business to sell the product and find new customers. The business needs to carry out primary research this could be a questionnaires or a focus group. The result of the questionnaires and focus group will help the business sell the product to customers. The business can get lots of information from primary research such as if the customer likes the product and what price they will pay for the product. Business also use secondary research, this is someone else research it can be found on the internet or in newspapers. Secondary research can help the business identify potential customers.

#### **Marketing plans**

This is an important issue that need to be considered when starting and running a business. This is because the business needs a plan to promote the product that they are trying to sell to the customer. The marketing plan must be detailed and must include information such as promotion. Promoting the product is important because the business needs to inform the customers about their product. Business use lots of methods to promote their product such as adverts in newspapers and magazines. Another aspect of the marketing plan is the price the business will sell the product for; business can use primary research to put a price on their product.

#### **Financial plan**

This is important issue because the business needs financial plan to operate. Financial plan can include information such as cash flow; this is a forecast of what you think the business will sell and the amount of revenue that will create. From the cash flow you can create a break even graph; this will tell you the amount of products the business needs to sell before it breaks even. Financial plan can also include a profit and loss account, this is the actual amount of products the business has sold and the revenue it got from it. This will be helpful because it list all the expenses so the business will know what it has spend its money on. The business needs to pay income tax so having a profit

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and loss account that tells the business how many products it has sold and how much revenue it has made will help it.

### **Task 11 D2**

**Look at all of your areas of weakness and treat, know recommend how the plan could be improved.**

#### **Business ownership**

The weaknesses for my business ownership is that I do not have lots money, this will make it difficult to start the business. I could improve this by turning the business into a partnership; this will mean that I will have more capital. The advantage of being a partnership is that if the business goes bankrupt the liability will be divided between the partners. The disadvantage is that all decisions about the business will be made by the partners and profit made by the business will be divided between the partners.

#### **Market research**

The weakness is that I have only asked few people about my product. I could improve this by handing out questionnaires; this will inform me if customers like the product and are willing to join the league. The benefit of a questionnaires is that they are easy to produces and want cost the business much money. I can also use a questionnaire to identify the areas of the products the customer does not like.

#### **Marketing plan**

I will put an advert on the local newspaper; the weakness could be that the customers only come the first few months. I can improve this by advertising few months later; this will remind the customers about my business and could mean that I get more customers. I will also had out leaflets to customers, the weakness could be that they throw it away. I could improve this by identifying potential customer to handout leaflet to for example people I know who play basketball. I will also offer free coaching to customers, the weakness is that customers only come for the free coaching and don't join the league. I can improve this plan by only offering free coaching to customers who have already joined the league.

#### **Financial plan**

The threat to by business is that I am to close to my competitor; however I can compete with them by offering a better service to the customer such as free coaching. The business only accepts cash sales; I can improve this by offering the products on credit. Another weakness is that I am purchasing all the stock using cash, I can improve this by buying the stock on credit. It will also mean that I do not have to pay the supplier straight away. Another weakness is that I am buying too much stock, I can improve this by reducing the price of my products so I sell more or not buying lost of stock at once.