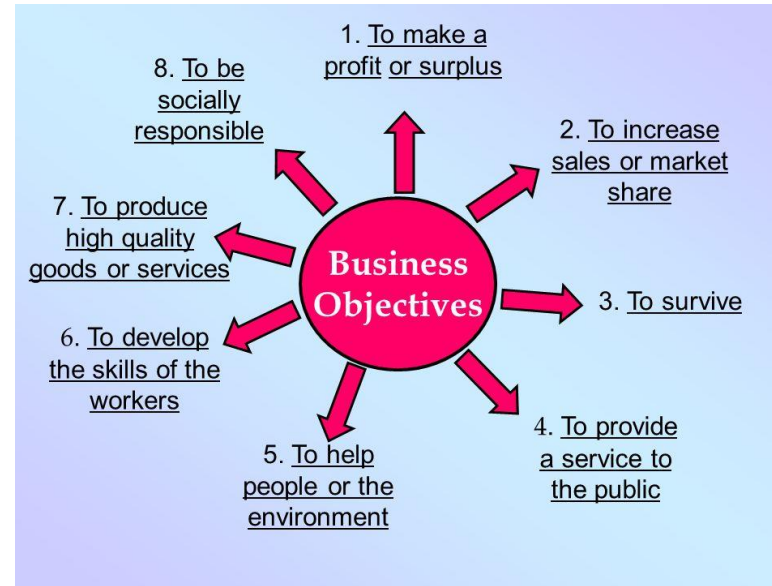


Unit 2 Business Dynamics

PO1.1

Objectives are statements of specific outcomes that are to be achieved

- Mission** The overall purpose of the business
- Vision** The overall aspiration of the business
- Aims or goals** General statements of what business intends to achieve
- Objective** More precise & detailed statements of the aims / goals



E	N	T	E	R	P	R	I	S	E
Enthusiasm Showing interest and enjoyment	Negotiation Reaching an understanding with others	Team Work Supporting each others learning	Effective Communication Sharing information with others clearly	Risk Taking Not being afraid to try new things	Planning Being organised and meeting deadlines	Resilience Learning from your mistakes	Innovation Thinking outside the box	Solve Problems Breaking it down into smaller parts	Evaluate WWW EBI
Having passion throughout the task/project and never losing focus on the goal	Cooperating with the people you are working with calmly and effectively	Sharing the same goals and helping each other to achieve them	Making your point clear to others verbally or through writing and imagery	Experimenting with new techniques and experiences	Thinking ahead and managing your time effectively	Not giving up and not being afraid to make mistakes	Thinking of new and different ways to tackle a task, problem or project	Think about the steps you need to take to achieve a positive result	Reviewing what you have done to see if anything can be changed or improved

SMART Marketing Objectives

- Specific**
Can the detail in the information sufficient to pinpoint problems or opportunities? Is the objective sufficiently detailed to measure real-world problems and opportunities?
- Measureable**
Can a quantitative or qualitative attribute be applied to create a metric?
- Actionable**
Can the information be used to improve performance? If the objective doesn't change behaviour in staff to help them improve performance, there is little point in it!
- Relevant**
Can the information be applied to the specific problem faced by the marketer?
- Time-bound**
Can objectives be set for different time periods as targets to review against?

Profit Formula

$$\text{Profit} = \text{Total Sales} - \text{Total Expenses}$$

$$\text{Profit Per Unit} = \text{Selling Price} - \text{Cost Price}$$

Market Growth

- The percentage change in sales (volume or value) over a period of time.
 - To calculate percentage change.

$$\frac{\text{The Difference}}{\text{The Original}} \times 100$$

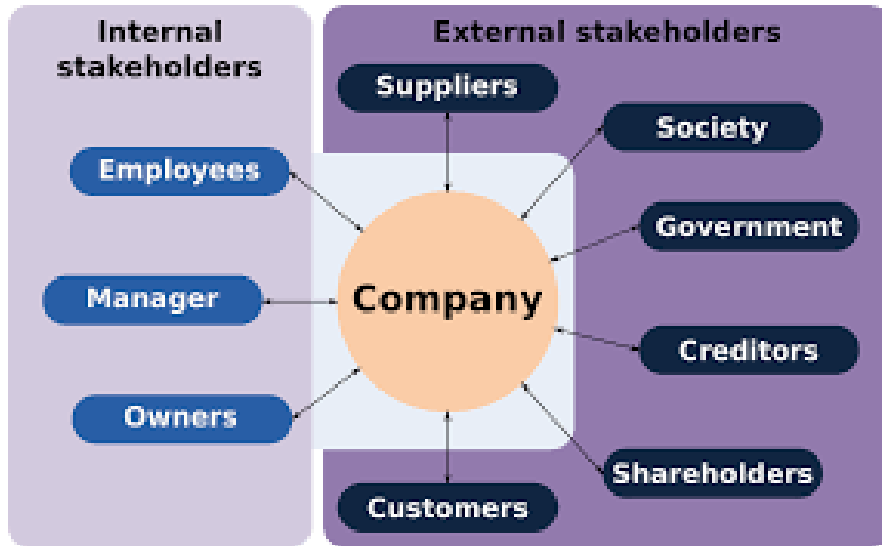
- Growing markets may mean higher sales but may attract more competitors



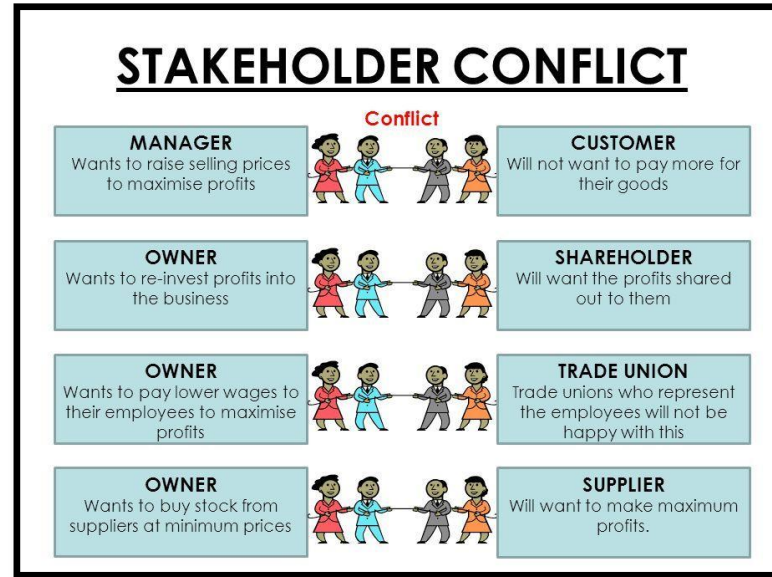
- Market opportunities are new openings available to businesses
- Businesses will look to spot opportunities and take advantage of these to achieve an objective of growth
- Examples of opportunities include:
 - Entering new markets e.g. expanding a product range to attract a wider target audience or entering new geographical markets at home or abroad
 - Taking advantages of external change e.g. embracing new technology to reach a wider audience or develop new innovative products
 - Launching new products or extending the life of an existing product
 - Working with new partners e.g. a collaboration between a fast food chain and a media and entertainment business or a theme park and the BBC

Unit 2 Business Dynamics

PO1.2



DEFINITION: A Stakeholder is someone who has an interest or is affected by a business.



Type of business	Private limited company (ltd)	Public limited company (plc)	Franchises	Cooperative
Owned by shareholders	✓	✓		
Leasing brand name to franchisee			✓	
Owned by workers				✓
Run by board of directors	✓	✓		✓
Run by franchisor			✓	
Funded by retained profits	✓	✓		✓
Funded by shares	✓	✓		
Funded by royalties			✓	

The 7 Most Popular Types of Businesses

- Sole Proprietorship**
 - Owned by one person
 - No legal or financial distinction between business & business owner
- Partnership**
 - Business, financial & legal responsibilities equally divided
 - Must be registered for IRS purposes
- Limited Partnership**
 - Ideal for those interested in raising capital from investors who aren't active in day-to-day duties
- Corporation**
 - Independent, multiple shareholders
 - Appropriate for established businesses with employees
- LLC**
 - Blend of partnership & corporation
 - No personal property at risk
 - Less regulation
- Non-Profit**
 - Earnings pay expenses of company
 - Can apply for "tax exempt" status
- Co-op**
 - Earnings divided among members
 - No external stakeholders
 - Members use its services

Unit 2 Business Dynamics

PO1.3



❖ Decentralisation is when the responsibility for decision making is delegated to a number of middle managers throughout the hierarchy

- ❖ Delegates decision making
- ❖ Decisions made at many levels within the hierarchy
- ❖ Frees up management time
- ❖ Provides motivation
- ❖ Reduces bureaucracy

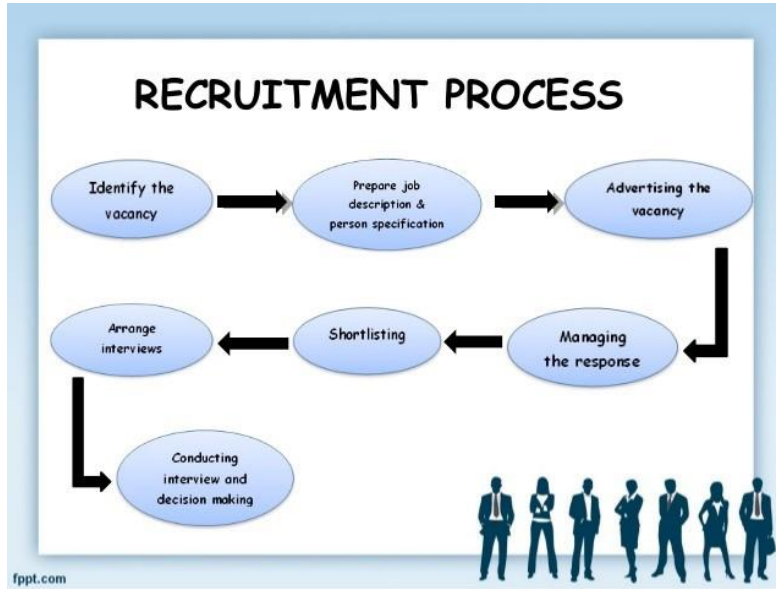
❖ Centralisation is when the responsibility for decision making is maintained, by a limited number of senior managers, at the top of the hierarchy

- ❖ Few decision makers
- ❖ Decisions are made by those at the top of the hierarchy
- ❖ Speeds up decision making
- ❖ Maintains tight control
- ❖ Bureaucratic



Unit 2 Business Dynamics

PO2.1



Internal vs External Recruitment

Internal Recruitment	
<p>Advantages</p> <ul style="list-style-type: none"> Better selection (foreknowledge of candidates' strengths and weaknesses) Increases employee morale Adaptability (less training & orientation required) Cost effective 	<p>Disadvantages</p> <ul style="list-style-type: none"> Limited choice Failed applicants become discontented Time wasted interviewing inside candidates who will not be considered In-breeding of status quo Favoritism/nepotism
External Recruitment	
<p>Advantages</p> <ul style="list-style-type: none"> Greater choice for selection Balanced HR mix Fairness Environmental adaptability 	<p>Disadvantages</p> <ul style="list-style-type: none"> High cost Adaptability problems Wrong selection

	Advantages	Disadvantages
Internal Recruitment	Cheaper and quicker to recruit	Limits the number of potential applicants
	People already familiar with the business and how it operates	No new ideas can be introduced from outside the business
	Provides opportunities for promotion within the business - can be motivating	May cause resentment amongst candidates not appointed
	Business already knows the strengths and weaknesses of candidates	Creates another vacancy which needs to be filled
External Recruitment	Outside people bring in new ideas	Longer process
	Larger pool of workers from which to find the best candidate	More expensive process due to advertisements and interviews required
	People have a wider range of experience	Selection process may not be effective enough to reveal the best candidate

The screenshot shows the Alton Towers website. At the top, there is a navigation bar with links to various parks: Alton Towers, Thorpe Park, Chessington, Legoland, Drayton Manor, Pleasure Beach, and Other Parks. Below this, there are promotional banners for 'UK Theme Park Tickets' and 'UK Theme Park Breaks'. The main content area features an 'Alton Towers Guide' with a map and text describing the park as the UK's biggest theme park, listing various rides and attractions. There are also sections for 'News', 'Rides & Attractions', 'Opening Times', 'Ticket Prices', and 'Getting There'.

MEASURING THE EFFECTIVENESS OF RECRUITMENT

- Factors affecting the effectiveness of recruitment include:
 - Choice of recruitment method e.g. online or traditional
 - Appropriateness of the chosen method to potential candidates e.g. local or national media depending upon seniority of the job
 - Clarity of key documents and the application process
 - Quality of the selection process e.g. the interview or testing procedures
 - Transparency on behalf of both the candidate and employer

Unit 2 Business Dynamics

PO2.2

Organisational type	Characteristics
The entrepreneurial organisation	<ul style="list-style-type: none"> • A simple, vertical organisational structure • Centralised decision making by those at the top of the hierarchy • Direct supervision of subordinates • Entrepreneurial leaders • Lack of formal support structures
The machine organisation (bureaucracy)	<ul style="list-style-type: none"> • Governed by formal procedures and processes • Division of labour resulting in standardised work and little need for training • Formal levels of hierarchy • Some power with those responsible for forming and implementing policies and procedures

Organisational type	Characteristics
The professional organisation	<ul style="list-style-type: none"> • High degree of autonomy given to highly qualified professionals • Some bureaucracy in place to coordinate functional activities to ensure the organisation works as a whole
The divisional (diversified) organisation	<ul style="list-style-type: none"> • Autonomy given to divisions • Diverse range of products create a need to allow autonomy amongst divisions • Degree of centralisation held by the parent organisation to coordinate the big picture and vision
The innovative organisation ('adhocracy')	<ul style="list-style-type: none"> • Lack of formal structures • High degree of flexibility allowing it to easily adapt to change • Achieves outcomes by forming teams to complete specific projects • Relies on a highly skilled and motivated workforce

MINTZBERG

Henry Mintzberg describes 5 types of organisation based upon the structure, decision making and how functions are organised and coordinated

The appropriateness of each type of organisation depends on the nature and skills of the workforce, the leadership style and the degree to which a business needs to be flexible as well as the size of the business

Unit 2 Business Dynamics

PO2.3

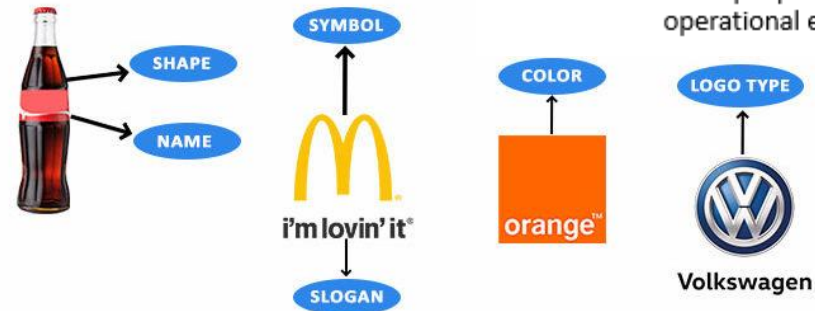


COMPETITIVE ADVANTAGE

Once a business has a competitive advantage it will strive to maintain this. One way to do this is to stop third parties from copying something that is unique to the business.

- **Trademark** is a legal protection for anyone that has a feature that distinguishes your business from others
 - It might include words, pictures, logos or a combination of these
 - It can be used as a marketing tool so that customers can recognise your business and helps build brand loyalty
- **Patent** is a legal protection of a unique feature of a product or process
 - Allows the business to maintain its USP
 - A unique process may lower production costs and result in operational efficiency

DEFINITION: Competitive advantage is a feature of a business that allows it to perform more successfully than others in the market



TYPES OF TRADEMARK

Unit 2 Business Dynamics

PO3.1

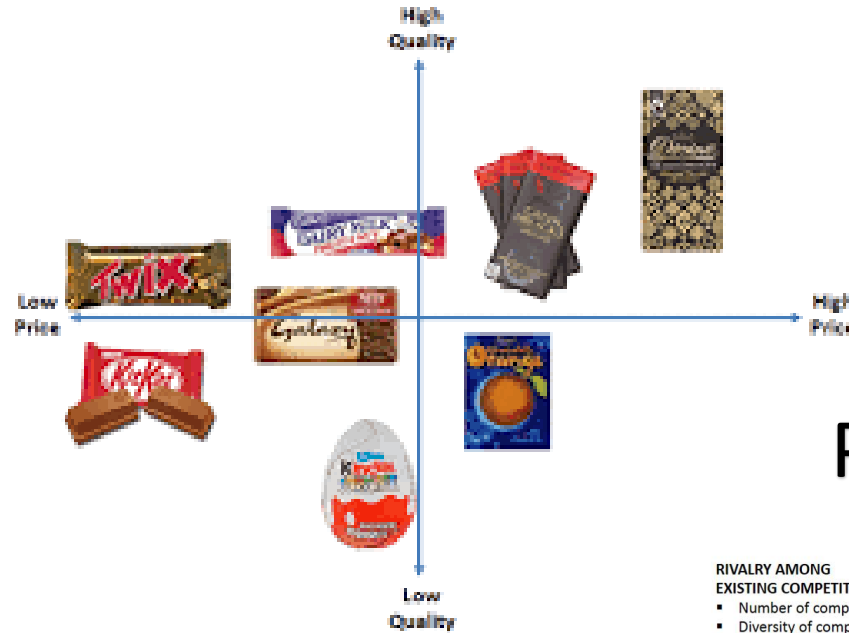


Market Share Formula

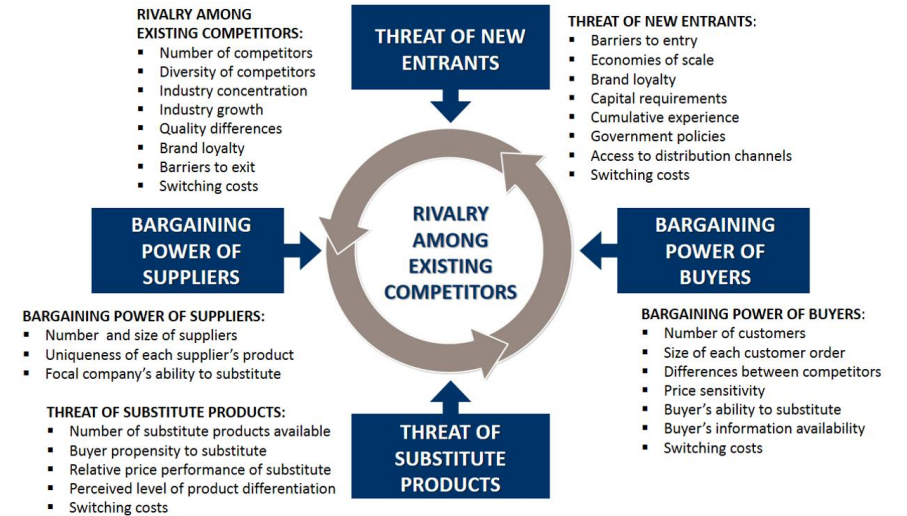
$$= \frac{\text{Your Company's Total Sales}}{\text{Total Industry Sales}} \times 100$$



Market Map



Porters Five Forces



HOW THE FORCES SHAPE COMPETITIVE STRATEGY

Five Forces looks at the impact of each force on the profits of an industry and how this is shared out between businesses.

Profit may be competed away due to competitive rivalry, bargained away in negotiations with suppliers and customers and impacted by the threat of new entrants and substitutes.

Strategies used by businesses will need to take into account the forces. Businesses may need to **reposition** themselves by being proactive after analysing the market or reactive in response to the threats.

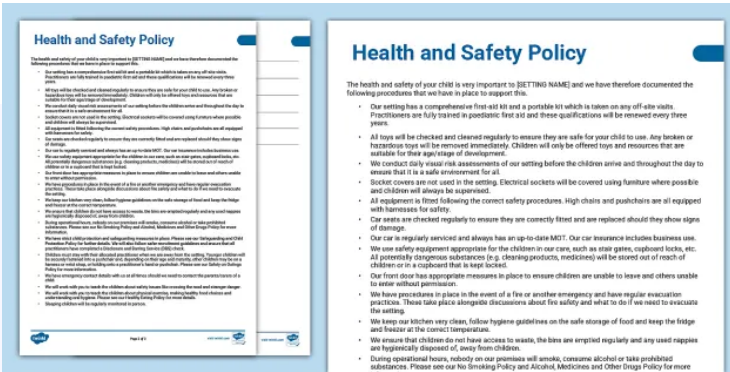
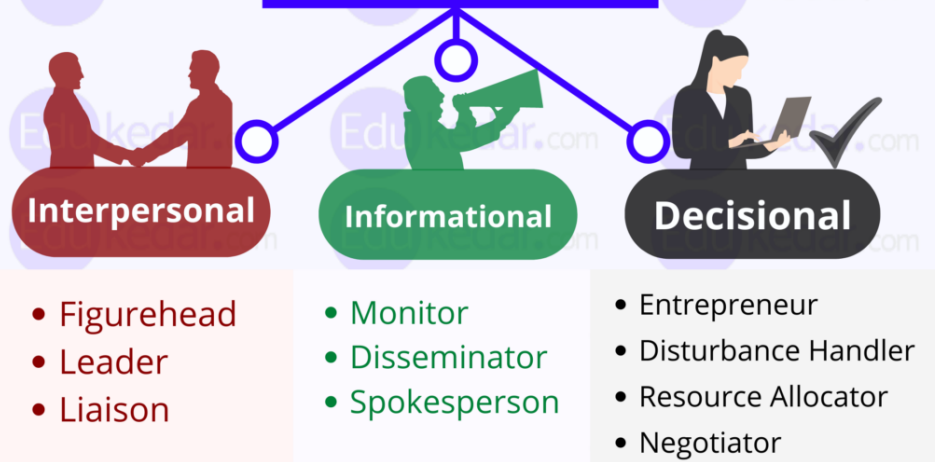
Porter's competitive position analysis can be used to assess the extent to which a business has a favourable competitive position.

Competitive Strategy

Unit 2 Business Dynamics

PO3.2 and 4.1

Roles of Manager



SWOT analysis is a study undertaken by an organisation to identify its internal strengths and weaknesses, as well as its external opportunities and threats.

SWOT ANALYSIS

	Helpful to achieving the objective	Harmful to achieving the objective
Internal origin (attributes of the organization)	Strengths (S)	Weaknesses (W)
External origin (attributes of the environment)	Opportunities (O)	Threats (T)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Expertise • Well known locally • Good location on High Street 	<ul style="list-style-type: none"> • No on-line presence • No IT and E-commerce expertise • Limited storage space
Opportunities	Threats
<ul style="list-style-type: none"> • Online sales to reach a broader market • Increase product range • Add new support service 	<ul style="list-style-type: none"> • Parking restrictions • New out of town shopping centre • Competitive on-line players

Unit 2 Business Dynamics

PO4.2

P
Political

- stability of government
- potential changes to legislation
- global influence

E
Economic

- economic growth
- employment rates
- monetary policy
- consumer confidence

S
Social

- income distribution
- demographic influence
- lifestyle factors

T
Technology

- international influences
- changes in information technology
- take up rates

L
Legal


- taxation policies
- employment laws
- industry regulations
- health and safety

E
Environment


- regulations and restrictions
- attitudes of customers

dreamstime.com ID 181173892 © Icefields


Factors That Influence Inflation



Production costs



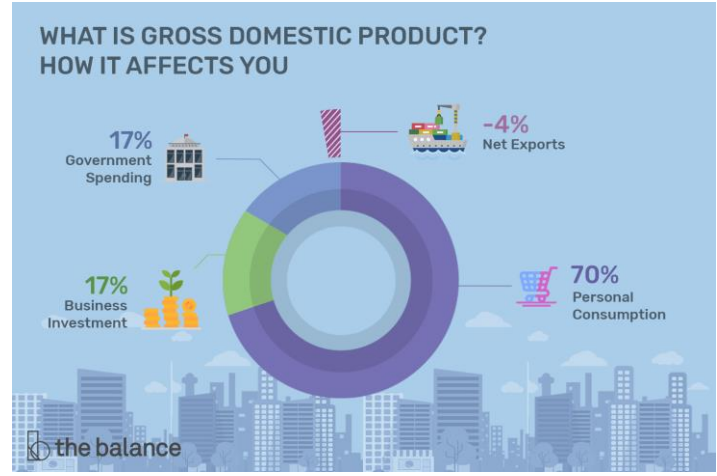
Demand



Fiscal policy

Investopedia

GDP



Exchange rates

What to Know About Exchange Rates

Exchange rates are the amount of one currency you can exchange for another.

When a country's currency doesn't vary according to the forex market, it has a fixed exchange rate.

Most exchange rates are determined by the foreign exchange market.

Exchange Rate	Buy	Sell
Euro	1.2431	1.0301
USA	1.6767	1.3721
South Africa	12.7125	9.9553
Hong Kong	13.2715	10.7923
Japan	142.2430	130.2421
Australia	1.8911	1.5822
Canada	1.7999	1.3011
Switzerland	1.8333	1.5900
Philippine	1.7822	1.5200
New Zealand	2.1729	1.9125
Czech Republic	34.1200	30.0091
Bulgaria	24.6721	24.3319
Turkey	2.7520	2.3351
Egypt	10.8412	8.9551

the balance

There was nothing more certain than a blame game erupting about the cost of living crisis.

The Bank of England's target in law is to get inflation to 2% on the Consumer Price Index measure, but it is now heading for 10%.

It is a clear and rather spectacular failure on that score.

The target is supposed to apply at all times and the setting of interest rates is supposed to be consistent with the target in two years' time.

But at the same time, the great bulk of the factors underpinning inflation surging to a 40-year high is beyond the control of the Bank.

The pandemic, the supply chain fails as the global economy rebounded, the introduction of post-Brexit trade frictions with Europe, the post Brexit and pandemic fall in labour supply, the fall in sterling, and of course Russia's invasion of Ukraine have all impacted on rising prices.

Only today world wheat prices and UK diesel and petrol prices are close to or at record levels, in the aftermath of Russia targeting Ukraine's food export infrastructure, India's export controls, and the impact of Western sanctions.

The Bank also has a responsibility in addition to stable prices "to support the economic policy of Her Majesty's Government, including its objectives for growth and employment".

This is code for "keep prices stable but do try to avoid creating recessions and unemployment".

And that is the balancing act or "the very narrow path", as the Bank's governor Andrew Bailey put it to me, that the Bank always faces. It is just far more difficult when dealing with three external shocks and a fall in sterling.

Interest rates

Inflation