

# BTEC Tech Award

## Enterprise

### Component 1 – Learning Aim A



**Enterprise** is an organisation that provides goods or services

**Characteristics** are features that are typical of a particular enterprise.

**Goods** are physical products that can be purchased

**Services** are acts or tasks carried out by an enterprise that can be purchased

**Small and medium enterprises (SMEs)** are enterprises with fewer than 250 staff



#### Attracting customers and keeping them

Enterprises need to make sure that they attract customers and retain them by meeting their needs and keeping them happy.

Enterprises need to be unique, retain customers and have a good reputation.

#### Customer Service

Keeping customers happy means ensuring they are offered the best service possible. There are four main reasons why having good customer service helps a business.

1. It attracts new customers to try the goods or services
2. It encourages customers to come back and buy again
3. It encourages customers to be loyal and not consider shopping elsewhere.
4. If customers are happy, they are more likely to share their positive experience with others. This will help improve the reputation of the enterprise and, also, attract more customers.



Many small enterprises are able to compete with larger ones by using online methods.

- Social media, online comments or feedback, newsletters, loyalty cards or credits.

**Micro-enterprises** – when an enterprise contains up to 10 people. They are set up in lots of different ways and can be:

- Run by the owner of the business who is self-employed (their own boss)
- Profit-making (an enterprise that earns more money than it spends)
- Not-for-profit (set up by charities or other community interest companies that choose not to make a profit)

**Small enterprises** – one that employs between 11 and 49 people. They are often limited companies. In a limited company the owners are responsible for debts up to the amount they have invested in the business.

**Medium enterprises** – employs between 50 and 249 people. This means it can have different roles for its employees – for example, some people will work to manage its finances, and others will work in production. They are more formal than micro and small and tend to have the legal status of limited (Ltd).

#### Type of Ownership Key Terms

**Sole Trader** – the legal owner of the enterprise. They will keep all the profits of their enterprise after tax has been paid but are also responsible for any losses. If they lose money and cannot pay their bills, they can be declared bankrupt as they have unlimited liability.

**Bankrupt** – a person cannot pay their debts. Their possessions may be sold to pay off the debts and they may be unable to work in certain professions – for example, as a company director.

**Unlimited liability** – means that a person is responsible for the debts of themselves and others. They can lose their home or personal money if they cannot pay the debts of their enterprise.

**Partnership** – two or more people who legally own the enterprise. Partners are like sole traders they have unlimited liability. Working as a partnership means the responsibility for business decisions is shared between the partners and so are the debts and profits.

**Ltd (limited company)** – private limited companies (Ltd) have their own legal identity and are separate enterprises from the owners. This means they have limited liability which means they are not personally liable for the debts of the enterprise. They have a board of directors and the owners do not always run the business, they may just invest in private shares., while other people are responsible for the daily operations of the enterprise.

## Types of Ownership Continued

### Limited liability partnership (LLP)

An LLP means that the partners can only be liable for their share of investment into the business. This means that in the case of fraud or business failure, they cannot lose more than they originally put into the enterprise.

### Social enterprises

A social enterprise as one that believes in doing good for society. Social enterprise refers to a way of doing business, not the business structure itself. Therefore, limited companies, sole traders or partnerships can all technically be social enterprises. Social enterprises are governed by a clear mission to improve society and support the environment. They are commonly on our high street and in our communities. The majority of their income is generated through trade. Significant profits are reinvested back into the enterprise. Many are owned collectively by their members.

## Industries and Sectors

The UK economy is broken down into many different industries, including, Construction, IT, Entertainment, Manufacturing and production, Tourism, Retail, Food and beverage, Health and fitness. **B2B** means Business to Business sales. An enterprise sells its goods or services to other enterprises. **B2C** means Business to Consumer. Goods and services are supplied directly to the consumer or end user. B2B models tend to market themselves in trade magazines, online and through other business-related circles. B2C models tend to operate mass-market methods including social-media, television and radio.



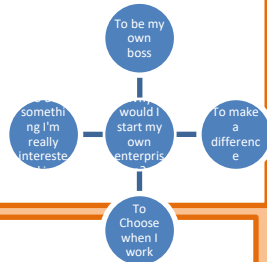
**Bricks/clicks and Flips:** Bricks and clicks is a term used to describe the traditional high street shop model and online sales. Many retailers have shops and direct web sales. Some rely purely on online sales only. Few goods retailers survive with only physical shops these days. Flips' refers to the flipping of pages in a catalogue as customers browse their products. Customers can then place an order via post, telephone, by visiting a store (bricks) or online (clicks). An enterprise may combine the bricks, clicks and flips models

**E-commerce:** E-commerce means online sales. Having access to a global market with an online presence hugely increases an enterprise's target market. £100 billion is spent online in the UK each year.



**Aims** – overarching goals that an enterprise wants to achieve .

- make a profit
- Stay in business (survive)
- Expand in size
- Increase profits
- Be environmentally friendly



**Objectives** – specific targets and timescales that enterprises set in order to achieve their aims. They are often turned into SMART objectives, which means they have to be:

- Specific
- Measurable
- Achievable
- Realistic
- Time-related



Enterprises can easily measure the progress they have made.

## Skills and Characteristics

The unique set of skills and characteristics of the entrepreneur help to define and support the aims of an enterprise. **Skills** are those which are easy to measure and define. Examples include programming, accountancy or driving skills. **Characteristics** are those that are harder to specify. Examples include creativity, persuasion and people skills.

