Your notes

GCSE Business: revision notes

Business aims and objectives

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Aims and objectives

- An aim is a long-term goal, such as becoming the market leader. An **objective** is a specific, measurable step towards an aim.
- Good **objectives** are **SMART**: Specific, Measurable, Achievable, Realistic and Time-bound. For example: 'Increase sales by 10% within 12 months.'

Common aims

- **Survival** (especially for new businesses), profit, growth, **market share**, customer satisfaction, financial security, and social or ethical aims, such as cutting carbon emissions.

Why aims differ and change

- Aims depend on the size of the business, its type of ownership (a charity has social aims), the competition, the economy, how long it has been running, and the owners' values.
- A new business may aim to survive, while a large established business may aim to grow or increase its **market share**.

Measuring success

- Businesses measure success through profit, sales, customer satisfaction surveys and **market share**.
- **Market share** = the business's sales ÷ total market sales × 100.

Key terms

Aim	A long-term goal of a business.
Objective	A specific, measurable target that helps achieve an aim.

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SMART	Specific, Measurable, Achievable, Realistic and Time-bound.
Survival	Continuing to trade, a key aim for new businesses.
Profit maximisation	Making as much profit as possible.
Market share	The percentage of total market sales made by one business.
Social objective	An aim to benefit society or the environment.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. What is the difference between an aim and an objective?
2. What does the 'M' in SMART stand for?
3. What does the 'T' in SMART stand for?
4. Why is survival a common aim for a new business?
5. A business sells £2 million in a market worth £10 million. What is its market share?
6. Which of these is a social objective?
7. Which of these objectives is SMART?
8. Why might a charity's objectives differ from a plc's?

Answers

1. An aim is a long-term goal; an objective is a specific, measurable step
2. Measurable
3. Time-bound
4. Many new businesses fail in their first few years
5. 20%
6. Reducing the business's carbon emissions
7. Increase sales by 10% within 12 months
8. A charity aims to help a cause rather than make profit for shareholders

What to do next

Practise 12 questions on this topic

Try 4 exam questions, with mark schemes

Read the lesson, one step at a time

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