Your notes

GCSE Business: revision notes

Enterprise and entrepreneurship

Contents

1. Why businesses exist
2. Entrepreneurs
3. Ideas and adding value
4. Key terms
5. Quick questions
6. What to do next

Why businesses exist

- Businesses provide **goods** (physical products) and **services** (actions done for customers) to meet customers' needs and wants.
- They combine the **factors of production**: land (natural resources), labour (workers), capital (man-made resources such as machinery) and **enterprise** (the **entrepreneur**'s ideas and risk-taking).

Entrepreneurs

- An **entrepreneur** spots an opportunity, takes a risk and organises resources to start a business. Useful qualities include creativity, determination, initiative, hard work and a willingness to take risks.
- Reasons for starting a business: financial rewards (profit), independence, being your own boss, following a passion, and spotting a **gap in the market**.
- Risks: the business might fail, the owner might lose the money invested, income is uncertain, and the hours can be long.

Ideas and adding value

- Ideas come from spotting a **gap in the market**, improving an existing product, new technology or changes in customers' tastes.
- Adding value means making a product worth more to customers than the cost of its inputs, for example through branding, quality, convenience, design or a unique selling point (USP).

Key terms

Entrepreneur	A person who takes a risk to start and run a business.
Enterprise	Having the ideas and taking the risks to start a business.
Goods	Physical products, such as a phone.

Services	Actions done for customers, such as a haircut.
Factors of production	The resources needed to make goods and services: land, labour, capital and enterprise.
Gap in the market	A customer need that no business is meeting yet.
Added value	The difference between a product's price and the cost of its inputs.
USP	A unique selling point that makes a product stand out from its competitors.

Your notes

Quick questions

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

1. What is an entrepreneur?
2. What are the factors of production?
3. Which of these is a service?
4. What is a gap in the market?
5. What is added value?
6. Which of these is a financial reward of starting a business?
7. What is a USP?
8. Which quality do successful entrepreneurs often have?

Answers

1. Someone who takes a risk to start a business
2. Land, labour, capital and enterprise
3. A haircut
4. A customer need that no business is meeting yet
5. The difference between a product's price and the cost of its inputs
6. Profit
7. A unique selling point that makes a product stand out
8. A willingness to take risks

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

Free revision for GCSE and KS3 at lycolearn.co.uk. Some notes are for one exam board only, and say so in brackets.