

## Internal (Organic Growth)

1	<b>Key idea</b>	When a business grows naturally using its own resources
2	<b>Methods</b>	New Markets-targeting a different market segment or expanding overseas New products-R&D to develop brand new products New technology e.g., using internet to expand overseas
3	<b>Key Idea</b>	To help increase market share Leads to lower costs Results in more profit
4	<b>Pros</b>	Cheaper (financed through retained profit) Less risky (No culture clash) Keep control
5	<b>Cons</b>	Pace of growth is slower Might miss out on skills and expertise of other business

## Key Vocabulary

1	<b>Organic Growth</b>	Grows naturally using its own resources
2	<b>Inorganic Growth</b>	Grows by joining another existing business
3	<b>MNC</b>	Multinational where a business with operations in more than one country

## Sources of finance (internal)

1	<b>Sale of assets</b>	Sell assets that it no longer needs e.g. machinery or excess stock. It is a quick way of raising capital but will lose the benefit of owning the asset it sells.
2	<b>Retained Profit</b>	Safest form of finance because there is no risk or debt. However, profit isn't guaranteed and may require an investment than it can make as profit.

## External (Inorganic Growth)

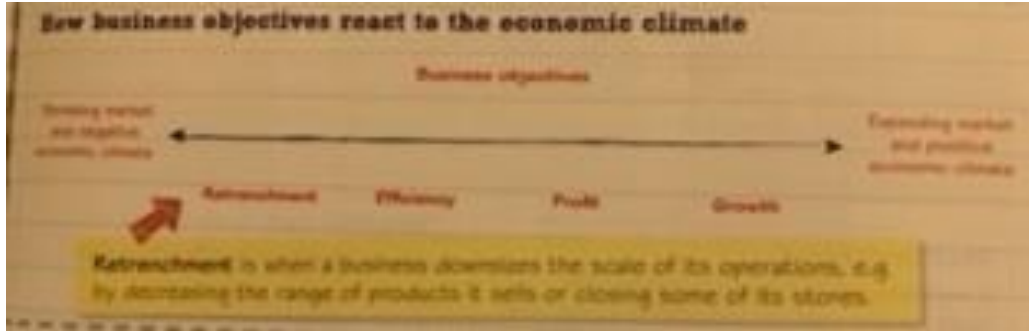
1	<b>Key Idea</b>	When a business grows by joining with or acquiring another existing business
2	<b>Two ways for external growth</b>	Merger- where businesses agree to join and work as one business Takeover-where one business buys another. To takeover a company you have to gain control by buying enough shares
3	<b>Methods</b>	Backward vertical is when a business joins with one at a previous stage Conglomerate-no common business interest join Horizontal-businesses at the same stage join Forward vertical- joins with one at a later stage
4	<b>Pros</b>	Allows businesses to grow quickly Share the skills and knowledge Leads to the business having more power in the market
5	<b>Cons</b>	Can lead to clash of culture Risky-faster growth can lead to more problems require more money than organic growth

## Public Limited Companies (PLCs)

1	<b>Key Idea</b>	Can raise capital through selling shares on a stock exchange. Easier to raise money for growth
2	<b>Pros</b>	-Raise finance through share capital -Limited liability -Considered more reliable greater public awareness of business
3	<b>Cons</b>	-Risk of potential takeovers -increased public and media attention -Less privacy around financial performance -Greater influence on decision making by external shareholders

## Sources of finance (External)

1	<b>Loan Capital</b>	Can be secured against the businesses assets but interest will be charged and the businesses will have to make fixed repayments for the debt.
2	<b>Share Capital</b>	A PLC can raise capital by selling shares. By doing this it is at risk of being taken over and shareholders are entitled to a share of the profit through dividends.



### Internal Reasons

1	<b>Key idea</b>	Performance e.g. if it has done well may decide to expand or take on more staff and vice versa Change in leadership
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### External Reasons

1	<b>Key Idea</b>	Market conditions (changes in size of market, competitors, changes in income even changes in interest and tax)
2	<b>Key Idea</b>	Technology (minimize costs using tech or expand into new markets) Legislation e.g. minimum wage law

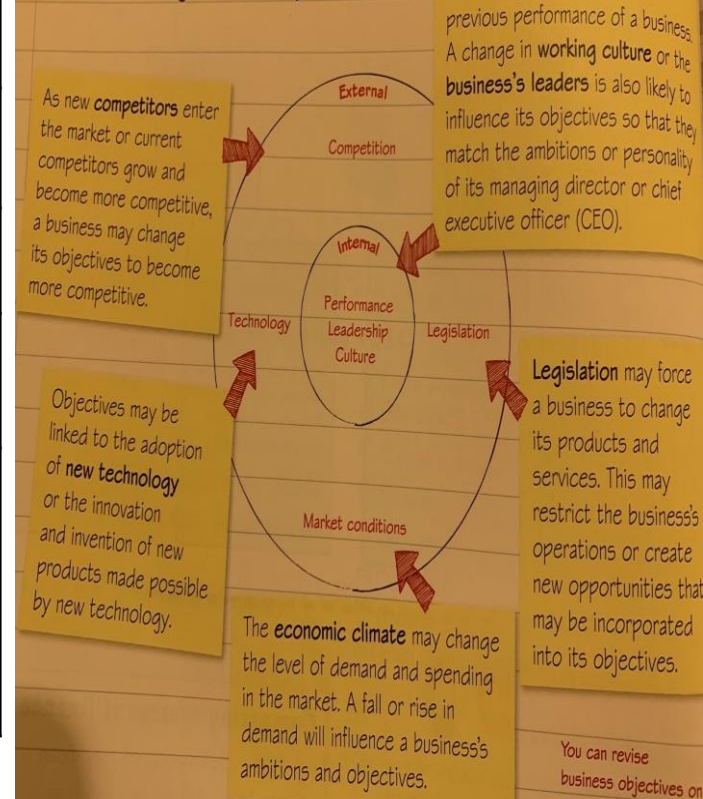
### How businesses aims and objectives change

1	<b>Focus on survival or growth</b>	Focus on survival in the first year and then may wish to grow or expand
2	<b>Entering or exiting markets</b>	E.g. Nokia re-entering the mobile market
3	<b>Growing or reducing the workforce</b>	e.g. strawberry farm wants to grow and expand they may take on more pickers
4	<b>Increasing product range</b>	This allows more choice for customers which will make more sales and revenue will increase and so will profit
	<b>Decreasing the product range</b>	May decide to go back to core business to get rid of old products which are out of date, or not selling

### Key Vocabulary

1	<b>External sources of finance</b>	Finance provided by people or institutions outside the business, creates a debt that will require payment
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### Factors affecting business objectives

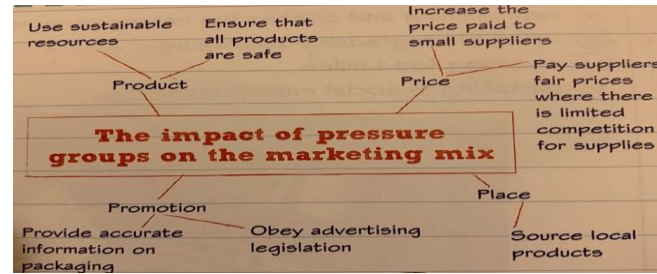


## Globalisation

1	<b>Benefits</b>	Higher number of customers to sell to in new markets Lower costs of production in developing countries (wages lower)
2	<b>Drawbacks</b>	Threat from foreign businesses Challenges of adapting products to meet foreign customer needs
3	<b>Business locations</b>	Offshoring is when the business may decide to move the whole business overseas
4	<b>Multinationals</b>	<b>Advantages</b> -wider target market, can take advantage of cheap labour and utilities abroad, spread risk between operations in different countries and reputation as a market leader <b>Disadvantages</b> - loss of focus on key markets, cultural and language differences between countries, uncertainty regarding profits based on exchange rates and change on a regular basis and damage to the reputation if found operating unethically.

## Key Vocabulary

1	<b>International Trade</b>	Flow of goods and services between countries e.g. Imports and exports
2	<b>Imports</b>	A good brought into the country (Money leaving UK)
3	<b>Exports</b>	A good sold to another country (money coming into the UK)



## Competing internationally

1	<b>Key idea</b>	Use of internet and E-commerce e.g selling online to an international market
2	<b>Key idea</b>	4Ps; Product Price Place Promotion

## Protectionism

1	<b>Tariffs</b>	A tax that raises the price on imported products and decreased its demand. It helps persuade consumers to switch to UK made goods. <b>Advantages;</b> UK goods will be cheaper, can sell more, protect new businesses from being swamped by competition and raise important tax revenue <b>Disadvantages</b> -wont put many customers off, may just increase prices for consumers and other countries may impose tariffs in response to this
2	<b>Trade Blocs</b>	Group of countries who make a trade agreement to not place tariffs on imports
3	<b>Quotas</b>	A physical limit on imports e.g. last bottle of milk in the shop
4	<b>Export subsidy</b>	When the government or EU give businesses money to cover some of their costs so they will produce more and lower their price

### Imports

Globalisation allows businesses to import products and raw materials at lower prices than they would be able to produce them for in the UK, either for resale or to produce their own goods. However, importing increases competition from foreign businesses that are able to sell directly to UK customers.

### Exports

Exporting opens up new international markets for businesses and gives them the potential to grow. However, operating in international markets can be very different to operating in the UK and businesses may face problems if they lack the necessary expertise or knowledge.

### Location

Globalisation brings with it the opportunity for businesses to relocate operations to other countries. This may be to benefit from lower labour costs, to be closer to raw materials or to be closer to the markets to which they sell their products.

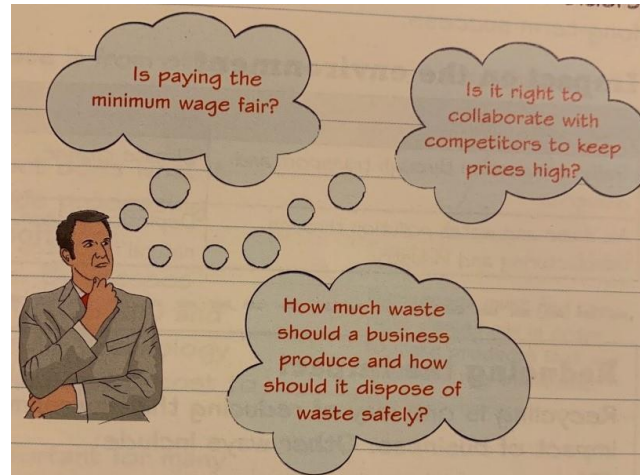


## Examples of ethical behavior

1	<b>Key idea</b>	Treating workers and suppliers fairly Ethical sourcing of materials
2	<b>Key Idea</b>	Being honest with customers Meeting government requirements and legislation
3	<b>Key idea</b>	Investing in the community Caring for the environment and operating sustainably

## Pressure groups

1	<b>Key Idea</b>	Organised group that seek to influence business behavior which can show businesses in a negative light by doing protests, boycotts and petitions.
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## Impact of pressure groups on the marketing mix

1	<b>Product</b>	Use sustainable resources and ensure products are safe
2	<b>Price</b>	Increase the price paid to small suppliers
3	<b>Place</b>	Source local products
4	<b>Promotion</b>	Obey advertising legislation and provide accurate information on packaging

## Impact on the environment

Short-term impacts	Long-term impacts
Traffic congestion through transport and deliveries	Climate change
Air, noise and water pollution through manufacturing and industry	Depletion of land, food and natural resources

## Key Vocabulary

1	<b>Trade off</b>	Finding a balance between achieving two objectives like profit and ethics
2	<b>Ethics</b>	Are moral principles that guide the way a business behaves