

Characteristics of an entrepreneur	Creativity, Risk Taking, Determination, Confidence
Rewards for 'Risk taking'	Financial rewards, Independence, Self-satisfaction
Potential drawbacks for 'Risk taking'	Financial risks, Health, Strained relationships
What is a business plan?	Details how a business aims to achieve its objectives. Usually written before a new business starts or before a major change
The Contents of a business plan	The idea, the people running the business, market research, the finance, objectives, competitors, the target market
Sole Trader	Owned by one person - simple & quick to set up, owner has complete control, can still employ others BUT owner has unlimited liability, difficult to raise the finance and no continuity if ill/owner leaves
Partnership	Owned by 2+ people - fairly simple & quick to set up, can share responsibility and have specialist skills, can still employ others BUT owners have unlimited liability (unless sleeping partner), may be disagreements
Deed of Partnership	A legal document which sets out the role of each partner, the capital each has contributed, how profits will be shared and how decisions will be made. Without it it is assumed that all are equal.

Limited Liability Partnership	A partnership, but with Limited Liability. Part partnership, part Ltd. Owners are called 'members'
Limited Liability	Where the owners of a business are only liable (responsible) for the debts of the business to the extent of their investment in the business. This means that owners can't lose any personal wealth, only the money they put into the business
Private Limited Company	A business that has formed into a company and is owned by shareholders. More money can be raised by selling more shares but only to family & friends. The amount of ownership (& therefore dividends) is determined by number of shares owned
Public Limited Company	A business that is owned by shareholders. Shares are bought and sold on the Stock Exchange. It can raise lots of capital BUT could be subject to 'take-overs' and is expensive to set up (min £50,000 of shares). Financial information must be made available to
Two Financial Reasons to own Shares	<ol style="list-style-type: none"> 1. To earn dividends (share of the profit) 2. To sell share for more than you bought it for
Capital	The money raised to start or develop a business.
Vision Statement	Sets out what the business is about and what it hopes to achieve
Eg Business Aims & Objectives	Survival; Growth; Profit; Providing a Service; Market Share; Satisficing

Satisficing	Making just enough profit to provide the business owner(s) with a decent living, rather than profit maximising
Definition of 'Stakeholders'	An individual or group who have an interest in a business
Internal Stakeholders	Owners; Employees
External Stakeholders	Customers; Suppliers; Government; Local Community; Banks
Organic growth	When a business grows by reinvesting profit. It could sell a wider range of products, open new stores etc
External growth	When a business grows by taking over or merging with another business.
Horizontal merger	When a business grows by joining with a business that carries out the same activity.
Vertical backwards merger/ takeover	When a business grows by joining with a business further backwards in the chain of production. For example taking over a business that provides materials or supplies that could be used.

Vertical forwards merger/ takeover	When a business grows by joining with a business further forwards in the chain of production. For example taking over a business that has a chain of shops where the businesses products could be sold.
Diversification	When a business branches out to do something different or joins with a business that has little connection to it.
Problems of growth	Businesses can grow so large that they become difficult to manage. Taking over new businesses can lead to problems especially if there is not enough skill and knowledge to run the new part of the business.