

**BUSINESS**: ***Creating informed, discerning employees, consumers and future leaders***

**Topic 1.3.1 Business Aims & Objectives**

**Key Vocabulary**

**Aims –** a long term goal a business wants to achieve

**Objectives** – more specific measurable steps

**Financial aims** – goals related to money, e.g. survival, profit levels

**Non-financial aims** – goals related to non-monetary aspects, e.g. ethical or environmental issues

**Survival** – having enough sales to cover costs and still be trading

**Profit** – when revenue is greater than costs

**Sales volume** – the number of products sold

**Market Share** – the percentage of total sales that one business has

**Ethical** – morally correct

**Shareholder** – an individual who owns part (a share) of company

**Dividend** – the percentage of profit that is paid to shareholders of a company each year

**Don’t be a “man on the street”**

* All businesses aim to make a profit – not true!
Social objectives can be important and so can personal objectives
* Businesses will change their objectives over time – don’t assume that they always are aiming for the same thing

**Core Knowledge**

**What is an Aim?**

Aims are long term goals. Objectives are more specific measurable, time constrained steps. The best objectives are **SMART**.

**SMART** – **S**pecific, **M**easurable, **A**chievable, **R**ealistic, **T**ime-framed

**Examples of Aims:**

* **Financial** Aims: Survival, maximise or increase profit, growth, increase dividends to shareholders
* **Non-financial** aims:ethical, e.g. no animal testing, achieve customer satisfaction, achieve a personal challenge or independence

**Why set objectives?**

Objectives help a business to have a focus, allow them to monitor progress, and to set individual objectives for employees to motivate them

**Wider Business World**

**Tesco –** used to aim to have more than 50% of its revenue from non-food. Changed after Aldi and Lidl gained 10% market share between them

**M&S** – aims are about environment and sustainability not profit

**Dyson** – James Dyson had a personal objective: to be successful rather than
profitable

**Synoptic Links**

**Enterprise** – the non-financial rewards for entrepreneurs are similar to non-financial objectives

**Financial data** – understanding the difference between survival (break-even) and profit

**Ownership** – only companies will have shareholders; smaller businesses are more likely to have personal objectives