

Knowledge and Understanding

Business Objectives

Profit	<p>Sales revenue is higher than total costs.</p> <p>Usually an objective for a business which is more established.</p>	
Survival	<p>A business breaks even or has enough finance to keep running.</p> <p>Usually an objective for a start-up business or when the economy is in recession.</p>	
Growth	<p>A business looks to grow or expand by opening up new stores/factories/locations</p> <p>Usually a business who has made enough profit to invest in growing.</p>	
Market share	<p>A business wants to gain more market share. They can open up new stores/in new countries/ecommerce to gain more market sales.</p>	
Providing a service	<p>An organisation provides a high quality service.</p> <p>Usually an organisation in the public/charitable sector.</p>	

Objectives for the following:

- Tesco-profit to pay out to shareholders and market share. The grocery market is very competitive and there is an increase in market share of budget supermarkets such as Aldi and Lidl.
- New café- survival is the main objective for a new business. This will mean the café breakeven.



How do objectives interlink?

Profit and growth

In order for a business to invest in growth, they will need to have retained profit. Once the business has profit to invest, they can grow. As a business grows there is potential to make bigger profits.

Growth and market share

As a business grows by opening more stores for example, they can potentially serve more customers and therefore gain more market share.

Activity 1

1. A business plan would normally be written:

- A. Every month
- B. A month after a business starts
- C. After a business has become established
- D. Before a business starts

2. A business plan will:

- A. Make sure the competitors know who you are
- B. Identify the competitors of a business
- C. Put the competitors out of business
- D. Allow the competitors to see whether you need finance