

## How to use: Learn, cover, write and check

### 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

#### 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

#### Be aware:

- 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



#### 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