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