Topic 2.1.2 Changing business aims and objectives

Key Vocabulary

Aim – something the business is trying to achieve

Objective – a more specific breakdown of an aim

Survival – generating enough revenue to cover costs and therefore continue to trade

Workforce – the number of employees a business has

Product range – the variety and number of products a business sells

Entering markets – when a business decides to open up in a market it hasn't been in before, e.g. If McVities starting making crisps

Exiting markets – choosing to leave a market, e.g. when Tesco sold all their optical stores
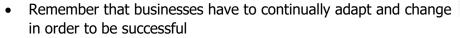
Core Knowledge

A business has to continually change and evolve over time. Therefore, what it is attempting to achieve will also change. Aims change because of:
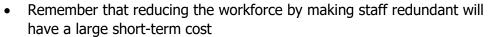
- Changing **market conditions** – an increase or decrease in the number of competitors
- Changing **technology** – the rise of e-commerce led to businesses introducing online sales; click and collect, self-service tills
- Changing **performance** – if a business is not making as much profit as before, it will need to change its aims
- Changing **legislation** – new laws can affect costs and so a business may need to change aims
- **Internal** reasons – an arrival of a new CEO can affect the direction of the business

How aims change:

- Focus on survival or growth
- Entering or exiting markets
- Growing or reducing a workforce
- Increasing or decreasing a product range

Don't be a "man on the street"

- Remember that businesses have to continually adapt and change in order to be successful
- Remember that reducing the workforce by making staff redundant will have a large short-term cost

Wider Business World

Tesco – changed focus back to food after rise of Lidl and Aldi

Iceland – increasing non-food range to be more competitive

Kodak – an example of company that did not keep up with technology and left the camera market

Synoptic Links

Dynamic nature of business – business has to continually evolve

Aims and Objectives – the difference between the two, examples and how they might be suitable

External influences – the factors outside a business's control that can influence their actions