

# **2UBusiness**

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	<i>TITLE :</i> 2UBusiness		
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# Chapter 1

## 2UBusiness

### 1.1 2U Business Studies - HSC Study Guide and Notes - By Guy Nathan

2U Business Studies - Study Guide

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### 1.2 Study Tips - 2U Business Studies

Break up of paper:

Part A - 40% of marks - Based on year 11 work and Dynamic Nature of Business

Part B - 60% of marks - 3 Essays (Each 20 marks) - Based on year 12

Electives (and supplementary material!)

Break up of the meaning of marks:

Mark: Comment:

A Detailed analysis with sufficient examples (use of terms)

B Good description with some examples

C Answered the question (60% of students don't!)

D Answers question unsatisfactorily

E Fails to attempt question properly

These marks will not be seen by students but are how the HSC markers

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work out an essays value.

Break up of an questions worth:

Part A - Worth the least but still important to answer

Part B - Worth the most, and therefore should be given extra time to answer

Part C - Same as B, so equal time should be given for B and C

Part D - If a part D does exist, it is usually worth equal or slightly less than B/C

QUESTION 7 OF LAST YEARS PAPERS WAS THE WORST ANSWERED QUESTION, A VARIATION OF THAT QUESTION WILL EXIST IN THE '94 PAPER. 30% OF STUDENTS GOT THIS RIGHT! (Q7 - Multiple Choice)

If you don't know a term/question look it up or ask your teacher AND write it down!

'...Business Studies students are supposed to answer like Business studies students.'

While the previous sentence may not make much sense to you, it means this, Business Studies papers are meant to be answered in Business forms of writing, not english essay form, or an other subjects way of writing.

Report style writing is highly recommended when answering essays!

This is NOT the same as English essay styles of writing. A report style document consists of an introduction, points below fully explained and supported, and a concluding paragraph; graphs are also an intregal part of a report style document, but DONT try to make a graph it is not necessary.

In report style writing if necessary use tables, graphs, diagrams, underlining, headings, and highlighting.

When answering a question, IF it FULLY answers the question beyond doubt THEN do any style of answer you wish, even if a diagram is your whole answer. In thise case words are NOT needed. Other ideas include a time line, graph or chart.

But MOST IMPORTANTLY - PLAN FOR ALL POSSIBILITIES!!

### **1.3 Industrial Relations Notes - 2U Business Studies**

Industrial Relations:

INDUSTRIAL RELATIONS IS THE STUDY OF HOW PEOPLE IN POWER MAKE DECISIONS WHICH EFFECT THE RELATIONSHIPS BETWEEN EMPLOYERS AND EMPLOYEES

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Summary:

- \* Can be the cause of success or failure of business
  - \* IR is effected by the marco environment
  - \* The government and unions play a vital role in IR negotiations, from these negotiatons laws sometimes are altered.
  - \* Governments have control through legislation to enforce things such as working conditions and pay. They generally rely on independant tribunals to settle the matters of industrial conflict.
  - \* IRC (Industrial Relations Commission) is responsible for the majority of the conciliation and arbitration in this country
  - \* Unions effectiveness depends largely on the number of workers in registered unions Vs's the amount which are independant
  - \* Employers like employees don't all have the one union but have ones specialised for their particular area
  - \* Different types of trade unions have different policies and practices, power and influence
  - \* Larger firms (with generally larger number of employees) have quite a lot of people involved with the IR of the business
  - \* Six Parties in Australian IR:
    - State & Federal Government - Industrial Tribunals
    - Employers - Employers associations
    - Trade Unions - Employees
  - \* Business Union Structure:
    - Shop Steward - Acts as a union representative between the union and it's members
    - |
    - |
    - Industrial Officers / Union Organisers - Travel between worksites settling local disputes
    - |
    - |
    - State Executive - Take care of serious disputes and taks reports by industrial officers
    - |
    - |
    - State Council - Determines long term policies for their state in which unions must obey
    - |
    - |
-

- Federal Council / Conference - This is where state unions are joined at a federal level who then delegates a Federal Exec.

- Federal Executive - Decides on national policies of the union

Graph of Hierarchy of the IR Process:

Australian IRC

(Industrial

relations

commission)

|

|

Federally registered ----- Federal Employers

branch of union Association

||

||

Union Company board

Executive of directors

||

||

Union Human resource

Organiser Management

||

||

Shop Supervisor

Steward |

||

||

Individual ----- Grievance ----- Foreperson

Workers (Dispute)

\* In small businesses discussions may only go on between the boss and the employee(s)

\* Types of unions:

- Craft - Based on trade/craft, regardless of industry

- Occupational - Based on specific occupational classification  
eg. print related

- Industry - Covers specific industry

- General - Covers everyone (eg. ACTU)

\* Types of employer associations come in two types:

- Single Industry - Multi Industry

\* Role of the government in IR is to:

- Establish the Conciliation and Arbitration Act
- In the Conciliation stage bring parties together
- In the Arbitration stage enforce decisions to be made

\* Role of Federal Industrial Court:

- Industrial Division of Federal Court of Australia (1956)
- Interpretation/Enforcement of awards
- Offences concerning membership of organisations
- Secret Ballots and Union elections
- Breaches of Union rules
- Recovery of wages when employers have not been paying award rates

- Established 1976

\* Forms of non-strike industrial reactions:

- Work Bans (See Terminology)
- Pickets (" ")
- Boycotts (" ")
- Rules (Setting rules of return)

\* Methods in which the IRC (Established 1988) can vary awards:

- 'Ban clause' - Insert into an award to make a strike illegal and stopping the person from getting paid if they strike
- Stand down clause - Gives the employer the right to suspend employees, without pay, who have been left idle due to others strikes
- Cancelling awards
- Deregistering a union - Leaving a union powerless eg.BLF (Builders, Labourers Federation)

History of Industrial Relations:

Summary:

- \* Did not originate in Australia but in Middle Ages
  - \* Australian IR is a DUAL system, Federal and state
  - \* Before the Industrial Revolution production was basically subsistence, with any surplus being used for exchange in the local markets
  - \* The Industrial Revolution changed the way production was organised. It was broken down so instead of people being multi-skilled and finishing a project single handed they were now assigned more simple, repetitive tasks
  - \* As the division of labour and mechanisation of production developed
-

large sums of money were needed, this money was called Capital.

- \* The individual craftsman could no longer afford to setup production
- \* As the economy developed the individual worker became a commodity and therefore could be manipulated as well, this did not only occur with factory workers but also occurred with the 'working class'
- \* It became harder for the worker to deprive an employer of his services
- \* Section 51 of the Australian Constitution limits the power of the Government to be involved with IR

Development of unions in Australia: - Time Line

1829 - Government brought in 'Masters and Servants Act'

(Setting out wages and conditions)

1840's - Development of craft unions

1880's - Unskilled and semi-skilled unions formed

1890 - South Australian Government passes the first

Arbitration Bill

1890's - A.L.P. (Australian Labor Party) formed

1904 - Conciliation And Arbitration Act passed

1907 - Harvester case (Sets basic wage)

Recent 20th Century developments:

- Increase in trade unions
- Trade union membership decreases from 55% in the 1980's to less than 42% now
- 1980's bring a drop in private sector membership and an increase in part time and casual employees
- 1990's introduce Enterprise Bargaining into the workplace

Recent IR Issues:

- Wharfies dispute involving the Maritime Union of Australia. It involved the retrenchment of 55 employees (2/3rd's union reps) for failure to agree to an enterprise agreement. The federal government took over mediation of this dispute. Employees believe it wasn't a 'just cause' for the sackings.

New enterprise agreements were drawn up, and with much mediation, this problem has now been solved, and workers across the country have returned to their jobs

- Customs officers strike in April 1994 is another example.

Australian Customs Service and the Federal Government were the two parties involved in the dispute. Went to Federal level to try and solve dispute. The Australian Customs Service managed through their Trade Union, to gain many of their demands (9/10)

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within the 24 hours the officers struck for. A solution was reached to continue talks to discuss factor 10, which was the lay off's announced

- Introduction of the recent Industrial Relations Reform Act, and recent laws providing greater equality for women in the workforce. The recent IR Reform act takes away most of unions legal powers, but keeps some of the old systems as a 'safety net'

Reason for decline in Trade Union membership:

Since the 1980's Trade Union membership has declined for four main reasons:

- \* Decline in manufacturing and public sectors, which is a traditional union area
- \* Employment growth in Small Business, traditionally less-unionised
- \* Growth in part-time and casual jobs, traditionally less-unionised
- \* Increased participation of women, traditionally less-unionised

Methods for determining wages:

Centralized System:

- Not worked out between management and employees, but on a national level
- IRC determines national wage case of, (A) Base wage (B) Wage increases
- Wage increases based (I) Productivity (II) Efficiency of particular industry

Decentralized System:

- Wage increases - Negotiated between employees and management
- Effects particular company only
- Wages must be at award rate or higher eg. SPC Cannery

Study Tips:

- Know how the Industrial Relations System was established.
- Who/What are the major parties?
- Know how problems/grievances are solved!
- Know if something is a Federal or State award!

## 1.4 Product Marketing Notes - 2U Business Studies

Product Marketing:

MARKETING IS ANY BUSINESS ACTIVITY THAT IS DESIGNED TO:

PLAN PRICE PROMOTE DISTRIBUTE

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WANT SATISFYING PRODUCTS, SERVICES AND IDEAS TO TARGET MARKETS SO THAT AN ORGANISATION CAN ACHIEVE ITS OBJECTIVES.

\* IDENTIFY CUSTOMERS

\* ATTRACT THEIR ATTENTION

\* SATISFY WANTS

Product Marketing: - Definition

"The essential element of marketing is customer want satisfaction  
.... the customer's want satisfaction is the economic and social reason for an organisations existence."

The Marketing Plan: - Definition

".... a document prepared for the purpose of providing guidelines for a business units marketing programmes and allocations over a prescribed planning period."

Marketing Planning Definiton:

Is vital for all successful companies because the business environment is highly complex, dynamic, and competitive. Marketing and market planning is relevant to large and small organisations in both public and private sectors.

Acronyms:

Market Segmentation: Marketing Mix: Macro environment:

A ccesible P roduct P olitical

I dentifiable P rice E conomic

M easurable P lacing S ocial

S izeable P romotion T echnological

Proximate environment:

C ustomer

R esources

I ndustry

C ompetitors

The Marketing Plan:

1. Market Research: - Situation Analysis

- A situation analysis, is broken down into several different areas.

These are: SWOT Analysis, Customer Analysis (to establish a target market), Competitor Appraisal, and Resource Analysis.

- The business must make a Situational Analysis based on the influences of the Macro environment, as well as the proximate environment

- Market Segmentation (target market) involves deviding up groups of people into buyers of certain products/services

A. Customer Analysis:

A target market can be established by looking at the following factors:

- \* Where it is accessible (both the product and message)
- \* The demography (the population in a group or area(s)) of an assortment of places
- \* What size should the market be - In numbers (Sizeable)  
- And in boundaries (Measurable)
- \* What are the identifiable factors of this market (how it differs to other target markets)
- \* Psychographically - Lifestyle based/image of the target market
- \* Geographically - Which regions/areas
- \* Benefit - Focus on the benefit the product provides, for this target market, not on the customer characteristics
- \* Size - Frequency of use/level of demand in the target market, being either heavy, medium, or light
- \* Using the above factors in formulating a group which satisfy all of the above points, you have now established a target market

#### B. Competitor Appraisal:

Once a target market has been established you must then analyse the competition (if any). There two three types of competition a company can have:

1. Direct Competition - When one business approaches the customers of another business and attempts to win them over.

This only happens when two or more companies are producing the same product

2. Substitute Products - Another type of competition which can come from one company producing a substitute product of another companies product line

#### Competitor Monitoring:

This is a vital part of the market research. The best form of competitor monitoring, is to calculate their market share by estimating the total value of the market. If a competitor is gaining a greater market share, it is time for the company to re-organise their marketing plan

- Competitive advantage refers to all things an organisation can do better than it's competitors

#### C. Resource Analysis:

Once you have completed a competitor appraisal you must then do a resource analysis. The businesses resources are broken down into three areas, these are:

1. Staff - The marketing plan should analyse the skills of every employee involved in marketing. Your staff should be promoting the image you wish the public to think of the company. They should be well trained in areas such as the art of selling, good customer relations, and more. The people should have the following skills: Alertness, good knowledge of product, good appearance, good communication skills, and dedication to maintain the product in a competitive environment
2. Finance - Finance is needed for different methods of advertising or promoting the product. These needs vary according to the life cycle of the business. Finance is necessary for the promotion or development of new products
3. Assets - The fixed assets of a business will determine the capacity of the production system. A successful product can be stopped from greater production if resources are at full usage. The marketing plan should recognise:
  - \* The availability of assets
  - \* The degree of utilisation of assets

#### D. SWOT Analysis:

This needless to say means an analysis of the:

Strengths - which areas a business excels compared to it's competitors

Weaknesses - which areas other businesses has to improve on in relation to it's competitors

Opportunities - All things which benefit the business

Threats - All things which can threaten a businesses survival, or a product's survival

Aspects which influence a SWOT analysis are:

- Market share - Sales - Profits
- Competition - Advertising - Size of customer base
- Pricing - Innovative potential.
- Product characteristics (company reputation, price, design, colour uniqueness, quality, warranty, packaging, sales support, and positioning in market)

#### 2. Objectives and Strategies:

##### A. Specific Objectives:

Establishing objectives it is usually thought of as the most important

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in the planning process. The success and failure of a marketing plan are determined by how well the marketing objective reflects the organisations needs. Therefore it is vital objectives are set based around the companies overall goals. This is reflected in the diagram below:

Goals

|

Opportunities | Resources

| \_\_\_\_\_ Marketing \_\_\_\_\_ |

Objectives

\_\_\_\_\_ | \_\_\_\_\_ Diagram of the

| Marketing Strategies | Objectives of a

| (Marketing program) | Business

|-----|

| Selection | Development |

| & analysis | of Marketing|

| of target | Mixes |

| market | |

| \_\_\_\_\_ | \_\_\_\_\_ |

- Essential marketing objectives include the following:

\* Increasing market share \* Expanding product range

\* Targeting the geographical representation

\* And expansion of marketing opportunities

1. Market share: An increase in a companies market share shows how the company is gaining on competitors. To attain greater market share, the following strategies, which are generally thought of as sure winners include:

\* More aggressive pricing (lowering price or providing discounts)

\* Search for new outlets to distribute your products to

\* A change in some features of your products, to open up to a possibly wider market

2. Product Range: By expansion of a companies product range, a company can attract a wider market than it's initial market, and maybe also expand into other markets

3. Geographical Representation: Some geographical markets offer greater market potential than others, and is in the interests of the firm to invest there to reach these markets whether they be regional, national or international. This

allows a company to maximise on it's profits

4. Expansion: (I) Through exporting  
(II) Maximizing customer service

B. Strategies to achieve objectives:

Marketing strategies are the way marketing objectives are achieved. Development of a strategy involves:

- Selecting and analysing a target market
- Creating and maintaining a marketing mix
- Creation of advertising and promotional ideas

When properly implemented firm achieves objectives.

Selection and analysing of:

1. Target market: This area must be separated into three areas, as different areas have different needs, these areas are:

- (I) Retail market
- (II) Wholesale market
- (III) Industrial market

Creating and maintaining of:

2. Marketing Mix: This broken down into the four P's, they are:

Marketing Mix - Breakdown:

PRODUCT: PRICE: PROMOTION:

Quality R.R.P. (List Price) Advertising

Features Bulk Discounts Personal/Direct Selling

Options Other Discounts?/Offers?? Sales Promotions

Style Allowances Publicity

Brand Name Payment Period

Packaging Credit Terms PLACE:

Sizes Transport

Service Channels

Warranties Coverage

Returns Locations

Positioning Inventory

An additional part of the marketing mix now exists, it is called

'Service'. Factors here include:

- \* Customer Needs \* Installation, Maintenance, and
- \* Guarantees/Warranty - repairs
- period \* After-sales Service
- \* Complaints & returns \* Comparison to competitors

- procedures \* Credit offered

Creation of:

### 3. Advertising and Promotions:

Once the marketing mix has been established, the companies promotional aspects have now to be completed, these can be made up of plans to do: Advertising

Personal or direct selling

Sales Promotion

Publicity (Public relations)

Packaging and design

4. Staff Motivation: The effectiveness of the companies market will depend heavily upon the staff, and their degree of motivation.

### C. Cost/Benefit Analysis:

As plans and objectives are developed, statements should be produced which should say what the marketing strategy is to accomplish. There are two ways of evaluating the actual performance of these plans, these are sales analysis and cost analysis.

1. Sales Analysis: Sales is usually the best way to measure the performance of a marketing plan. This analysis should be broken down into:

- Marketing area (geographical)
- Company division (eg. NSW division)
- Individual/Groups of sales

representatives (Quota of sales Vs's Individual/Group's sale)

2. Cost Analysis: This is a detailed study of the business's operating section of the organisation's profit and loss statement. With cost analysis

costs which occurred as a result of the marketing sector of a business are declared as profitable or unprofitable. This can be

broken down into: (I) Research costs

(II) Order-getting costs

(Promotional costs)

(III) Order-filling costs

(Distribution and insurance costs)

Additional Notes on Marketing Plan:

- Strategic Marketing plan is usually a 3 year plan (sometimes 5 year plan). It is concerned with positioning the organisation in it's marketing environment in relation to it's competitors
- Tactical Operational Marketing Plan contains detailed costings, scheduling and specific things which need to be achieved to achieve the objectives for each year of the strategic plan
- Marketing is an essential function for all businesses. It covers all aspects of a business's operations. The process of marketing involves:
  1. Communicating with the public at large on what products/services are available for sale from the company
  2. Attracting the public to Point-Of-Sale
  3. And lastly, Achieving the sales

Every business must sell it's products or services to survive today, as well as how others have done so in the past.

Marketing Plan overview:

It involves:

- 1 - Look at Objectives
- 2 - Conducting a Situation Analysis
- 3 - Conducting a Financial Analysis
- 4 - Setting objectives for Marketing Plan
- 5 - Formulating a Strategy to achieve objectives
- 6 - Formulating tactics to implement the strategy
- 5 - Establishing Controls (for monitoring procedures)

Study Notes:

- Be able to devise a marketing plan
- Know examples of a marketing plan
- Know the role of Marketing / Marketing Plan
- Know the difference between Sales and Marketing

## 1.5 Small Business Management Notes - 2U Business Studies

Small Business Management:

Define a Small Business:

- \* It has relatively small share of the market in which it operates
  - \* It often caters to a specialised market
  - \* It is run by its owners or part owners
  - \* It's management is personalized rather than formal
  - \* It is not part of a larger group
-

What distinguishes a small business from a large business?

- \* Turnover (Mostly)
- \* Size
- \* Number of employees (<25 - Non-industrial, <100 - industrial)
- \* Resource constraints (Economies of Scale)

Why do people go into Small Business?

- \* Employment
- \* An alternative form of employment
- \* To be their own boss
- \* To develop an idea, invention, innovation
- \* To make money!!
- \* To reach potential - Business and Personal

What sorts of people go into small business?

- \* All types!!

But what sort of people are likely to succeed in small business?

Small Business is dominated by personal traits and personal skills.

So we have:

- \* Self-Starters/Highly motivated
- \* Those with a high need for achievement
- \* Innovators, those with a creative flair
- \* People who are in control of themselves (their emotions)
- \* Good money managers
- \* Those who are prepared and know their industry well (managerial and technical) - experience
- \* Those with family support
- \* Those who KNOW their LIMITATIONS and ARE willing to seek external advice (support services such as lawyers/solicitors, accountants, etc!)

The importance of small business:

- \* Most business is small business (85%-98% in all sectors)
- \* 798,700 out of 843,700 of Businesses in Australia in 1989-1990, were Small Businesses, which is 96% of all Australian Businesses in that period
- \* Today it is thought that 800,000 small businesses exist in Australia
- \* About 50% of the labour force is employed in small business
- \* Small business has been the major contributor to recent employment growth
- \* Small business is often the seed for larger family businesses. The only limitation is people's imaginations in satisfying customer wants

Survival rates of small business

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The level of small business failure is high. The costs and consequences of this failure can be extreme both personally and financially

FIRST YEAR: 20%-40% FAIL

THIRD YEAR: 48%-65% FAIL

FIFTH YEAR: 50%-70% FAIL

90% of Businesses fail after 5 years

The major causes of this failure are:

- \* Inadequate preparation/knowledge of the industry
- \* Bad financial Management - or lack of finances (liquidity)
- \* Bad Management
- \* Poor record keeping
- \* The economy

Franchises have a much lower rate of failure. WHY?

1. Access to support services
2. Established name
3. And more...

Traditional areas for Small Business in Australia:

- \* Service Industry, eg. Tourism, Food, Entertainment

Growth areas for Small Business in Australia:

- \* 25% increase in Small Businesses between '84 and '90
- \* Mining industry - Increase of 11.6% in six years
- \* Home-Service Industry - Such as mail order, i-TV technology, and more...

Getting into small business

Simply there are two ways - (A) Buy one (purchase)

(B) Create one (set up)

(A) Purchasing an existing business

The major advantage should be that the business is a going concern, plus:

- \* New owner can draw on previous experience of previous owner
- \* Often the previous owner they will stay on for a period to provide training
- \* The business will generate an immediate income flow

Disadvantages: Many!

Therefore Purchase Evaluation of the market potential of the business is indicated.

Check to the following areas should be made either by the purchaser or if they are not technically competent by an objective person with industry experience.

1. Why is the business for sale?
-

\* Check with competing businesses, supplier(s), licensor(s)

2. Check all regulations affecting the business.

\* Any vital changes which may indicate a reason for sale

3. Where are the business products in their life cycle(s)?

4. Check out the finances.

\* Use an accountant

\* Profits Vs Tax returns ?

\* Don't be cheated by illegal practises used in the past

5. Check out the business assets.

\* What inventory?

\* Owned/Leased?

6. Assess the competition.

7. Inventory of human resources.

\* Assess the existing staff

This is not the place to make an emotional judgement. Just because you've always wanted one doesn't mean this is the one.

BE OBJECTIVE. BE CONSERVATIVE.

(B) Starting your own business

Advantages:

\* You can shape it your own way in all areas. However...

Disadvantages:

\* The risks are high (loss of funds, assets - personal, family breakdown)

\* You'll need reserves as income flows tend to be low to begin with

\* Often difficult for a small business to borrow

\* You only get employee benefits if you provide them

Planning is vital

Objectives: What do you want to achieve?

What are the financial and personal costs?

Develop a business plan: \* A document setting out the nature of the  
- business

\* A step-by-step plan of how the business will  
- be established

(Use a SWOT Analysis)

A Marketing Plan is essential:

Objectives

Situation Analysis

Marketing Strategy

Financial Analysis

## Controls

### The BUSINESS PLAN

- \* Product - marketing concept
- \* Market - customers
- \* Estimate of revenue and costs - profit
- \* Evaluation of viability - investment required / rate of return
- \* Legal Situation
- \* Resources - Finances (Where??)
- Personal
- Staffing (H.R.M.)

Typical headings in a business plan (when giving in when applying for a loan)

- \* Introduction
- \* The Business
- \* Product
- \* Legal Devices (patents, etc)
- \* Proprietors
- \* Objectives
- \* Market Strategies
- \* Operational
- \* Financial
- \* H.R.M.
- \* R&D (Research and Development)
- Factors which effect the Business Plan:
  - \* Objectives of owners \* Market Size \* Goodwill
  - \* Source of finance \* Finance \* Freehold/leasehold
  - \* Pattern of cash flow \* Suppliers \* Transfer lead time
  - \* Innovation \* Licencing \* Franchising
  - \* Government restraints/assistance \* Legislations
  - \* Legal & other specialists advice
  - \* Skills & Personal required

Managing the Small Business:

Marketing: - Product

- Price
- Placing
- Promotion

Staffing: - Hiring

- Allocation of duties
  - Motivation
  - Performance Appraisal
-

(Otherwise known as H.R.M.)

Records Management: - A major reason for failure

(eg. losses from debt collection)

- Legal requirement - taxation
- Essential ongoing input to management

Risk Management and Insurance:

- Reduce / Eliminate some risks
- Occupational Health and Safety
- Insurance: Fire/Workers Compensation/Public Liability

Budgeting: - Plan ahead

- At all levels
- Cash flow: Sales/Expenditure

Stock Control: - Records

- Cost
- Turnover

Credit Policy: - Who gets credit?

- Action taken when customers don't pay

Distribution: - How? Alternative methods

Evaluation: - Change

- Financial performance/profitability
- Actual Vs's Budget
- Personal Goals
- Market Share
- Growth. eg. SWOT analysis constantly

Important questions to know about this subject:

- What is Small Business?
- Why do Small Businesses fail? Be able to give figures/statistics

Know the reasons why they fail!

- Know Management techniques
  - Know about the advantages/disadvantages of buying an existing business and starting a new business
  - Know what a Business Plan is
  - Know how to create a Business Plan
  - KNOW TERMINOLOGY!
-

## 1.6 Terminology for Business Studies

Small Business Management:

Terminology: Definition:

Accounts Money debtors owe

Receivable

Break even Where total revenue equals total costs

Budget Statement of income and expenditure

Contract A legally binding agreement between two or more people

Corporate Affairs A place where a business is registered

Commission

Depreciation Funds set aside to cover the wearing out of an asset

Equity A share of accumulated funds of a company

Entrepreneur Risk taker, but if successful gains a hefty amount of money

Franchise An agreement, business permitted use registered name under license

Incorporation Process by which a firm legally becomes a company

Inventory A list of stock waiting to be sold

Labour Turnover The percentage of employees who leave work voluntarily.

Leverage (Gearing) Using borrowed funds to purchase assets, or to even continue in operation

Mark-up Additional costs added upon the total cost of the product sold, in which to establish a retail price

National Debt Public sectors debts, which the Government owes (Doesn't include Corporations)

Net worth Total Assets - Total Liabilities

Patent Copyright placed on a product/service which stops other companies from copying the design or using it without the companies permission

Professional An insurance protecting a company (particularly Indemnity companies such as stockbroking agencies, accounting services, etc) when an individual in an organisation gives damaging advice, or provides a faulty service or product

Profit margin The amount made after passing a break-even point

Public Risk An insurance covering the business against any injuries sustained while a member of the public

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is dealing with a business

**Seed Capital** The initial amount of money invested into the business, when starting a business. Capital given to develop an idea

**Taxation** Money charged by the government to all people, who earn over a certain amount must pay back some of it to the government, a tax also exists for the profits of a company

**Terms of Trade** A ratio of export prices to import prices

**Transfer of title** Transfer of ownership of an item/product/land

**Worker's Compensation** An insurance which covers employers when workers fall ill, or sustain an injury while in a working environment

**Working Capital** The difference extra between your assets and your liabilities

**Product Marketing:**

**Customer base** All your customers

**Distribution** The method of how a product arrives to the customer

**Gross profit** The amount of money after costs have been taken away from the amount from sales

**Marketing Research** Activities concerned with gathering and analysing information to enable decisions on target markets and the marketing mix

**Pre-Tax Profit** See Gross Profit

**Product Liabilities** The business is liable for faulty products it produces when an injury occurs

**Product Orientation** The activities of a business based around a certain product

**Profitability** How profitable/viable/cost effective a product is

**Representative** Individuals or companies who sell your products

**Industrial Relations:**

**Absenteeism** Accounts for between 13 to 18 times more working days lost per year than those lost through strikes

**ACTU** Australian Council of Trade Unions - Federal association representing trade unions

**Arbitration** Resolution of a dispute via a legally binding decision

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Autocratic Style A non-democracy type of management

Management

Award Legal agreements that set out the terms and conditions of employment

Boycotts Protests and restrictions imposed by a union

eg. when workers refuse to perform certain tasks

in relation to certain demands

Collective Direct negotiations between unions and management

Bargining

Conciliation Process whereby a third party tries to find compromise

Deregistration Can happen to a union in cases of industrial misconduct or repeated rejection of industrial relations principles or orders

Dispute Created when a log of claims is served by one party and rejected by another

Employer They guide their members in relation to awards

Association and legislations and promote commercial intrests of members

Fringe Benefit Non-wage forms of income, provided by an employer, eg. a company car

Industrial Relations The study of how individuals, grouped, organisation and institutions make decisions that shape the employment relationship between management and labour

IRC Industrial Relations Commission - Federal body established to settle industrial disputes

Lockout A direct form of action involving the employer not allowing workers to enter the place of work

Log of Claims List of demands by a union

Managerial Rules established by management

Policy

Mediation Intervention into a dispute by a neutral third party, who is not acting on state or federal legislation

Negotiation Workers meet management to discuss issues without the intervention or assistance of authorities

Occupational Issues concerning a workers welfare

Health & Safety

Orders A demand by the IRC for certain actions to be taken by employee and/or employers

Party Government, Tribunals, Employees, Employers, Employer associations, and Trade Unions

Picket Physical presence of workers protesting outside a business

Shop Steward On-site union representative

Trade Union A group of workers who join together to improve wages and working conditions

Union Organiser Off-site union representative

Work Ban A refusal to undertake a certain request

Work Practices Rules about non-wage issues

## 1.7 What is Amigaware

What is Amigaware?

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Amigaware is a new concept, as it has been invented by me. What Amigaware is, if you use this program alot, or any Amigaware program, you will either go out and buy an Amiga product, or instead sell off other non-Amiga computer equipment you own (and with the money maybe buy an Amiga product). This concept is very similar to freeware, as all benefits of this program do not go to me, but to you and other Amiga users. It also could be described as self-giftware. :-)

How did this idea come about?

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It came about when I was sick of people selling up their Amiga's to port over to other lesser machines. So I decided hey, do something to support the Amiga, which will benefit ALL Amigans. As mentioned above Amigaware does NOT benefit me!, it benefits everyone. Well, How does anyone know Im a supporter?

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If you can send me in a receipt with proof of sale of a non-Amiga computer product, or Amiga product bought as a result of reading this then if you send me a disk with your address enclosed I will give you a free copy of the code of this program. I normally would charge for the code. Also when you send me your proof

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of purchase I will in my next Amigaware program  
include your name in a list of Amigaware supporters.

Current Amigaware Titles:

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AQT (Amiga Quiz Tester) V1.1 - Questionnaire program

FastText 1.00 & 1.01 - Text Editor

2U Business Guide - Australian HSC Business

Studies Study guide in

AmigaGuide format

3U Business Guide - Australian HSC 3U Business

Studies Study guide in

AmigaGuide format

2U English Guide - Australian HSC 2U General

English Study guide in

AmigaGuide format

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If you try and contact me at one of the addresses and  
do not receive a reply after 1/2 month (yes, that long),  
then please try a different address.

NB. [gnathan@triode.apana.org.au](mailto:gnathan@triode.apana.org.au) expires in April 1995

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