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| ***Enterprise – business plan and idea*** |

**Introduction:**

* The idea and purpose and content of a business plan

**The Business Idea and Plan**

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| **Briefly, what is a ‘Business Plan’** |

An entrepreneur needs to decide on the **type** of business to set up. Where there is more than one option, the **opportunity cost** of setting up one business will be reviewed in terms of **‘trade-offs’** from not setting up the alternative business.

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| What does this mean? |

Whatever the reason for starting the business, the entrepreneur will to consider **sources** of **business ideas:**

* Examples include visit to **trade** or **industry shows**, the local Chamber of Commerce, the **Internet**, and **printed sources** such as business magazines/newspapers.
* Looking and noticing what people are buying or might want: market research

**INNOVATION** occurs when an entrepreneur turns an idea or an invention into a product **that can be sold** – it is when a new idea can be successfully exploited.

* Some business ideas are developed by individual innovators who are able to recognise how to **change** or **adapt** an existing product, or who spot a gap in the range of products being sold.

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| Any example of innovation: |

Entrepreneurs need to **protect** their business ideas because they face the **risk** that someone will copy what they have created, market this copy and therefore **compete** with them.

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| Why is this a problem? |

**INTELLECTUAL PROPERTY** (IP) **protects** their ideas – it is created when an idea takes some tangible (physical) form.

There are **four** types of **IP**:

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| **COPYRIGHT** | Protects many **types of ideas** and **work**, typically involving music, films and broadcast, and other literary and artistic works. The copyright holder’s **permission** is needed before someone else can use the work in question  |
| **PATENTS** | Protect the **features** and **processes** that make things work – anyone who copies a business’s patented idea can be taken to court. The creator of the patent is also able to sell or license the invention. |
| **DESIGNS** | Protect the **appearance** and **appeal** of products, so a business creating a product with a **unique design** can seek to register the design and stop anyone from copying it.  |
| **TRADE MARKS** | Are like **brand names** and **logos**, distinctive to the goods and services being provided because they distinguish them from the others. Registering a trade mark gives a business the **exclusive** right to use it, and stops others from using without permission.  |

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| Why is **IP** so important? |

Entrepreneurs create a **BUSINESS PLAN** to:

* See if the business is **viable** – whether it is practicable to run the business
* Review the **effectiveness** of the business
* Help raise the **finance** the business needs

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| Explain **why** a business plan is a good idea |

A business plan must be updated regularly because of changes that occur internally (e.g. in how the factory floor is organised) and externally (e.g. changes in tax rates, consumer tastes or in the strength of the economy).

Typical sections in a **BUSINESS PLAN** are:

* *EXECUTIVE SUMMARY* – an overview of the business
* *DESCRIPTION* of the business
* *MARKETING STRATEGY* – why customers are likely to buy products & how
* *MANAGEMENT TEAM* – who
* *OPERATIONS* – premises, production facilities, machines, information systems
* *FINANCIAL FORECASTS* – financial summaries

***Worksheet summary quiz and activity:***

1. Why are **business plans** important?

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1. We need the **law** to **protect** our business. Explain.

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True or False (Mark an **X**)

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| I will choose a random student to answer a question | **True** | **False** |
| 1. A **bank** is happy just to hear your idea and give you money.
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| 1. If you don’t protect your business **IP**, the competition may use it.
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| 1. Business ideas just appear in our dreams.
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| 1. **Burberry** is an example of a protected design.
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| 1. The **U.S.A economy** receives a sizeable amount of income from allowing its patents and licences to be used abroad.
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**Summary of the worksheet in your own words (in English and Chinese):**

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*Vocabulary check:*

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| **English** | **Chinese** |
| **Feasible** |  |
| **Summary** |  |
| **Forecast** |  |
| **Viable** |  |
| **Copyright** |  |
| **Patent** |  |
| **Register(v)** |  |