

Explain Questions – Theme 1

Use the following list of questions to help you prepare for your Theme 1 paper.

1.1	My Score
1. Explain one way in which an entrepreneur will come up with a new idea.	
2. Explain one benefit to a business of understanding changes in what customers want.	
3. Explain one risk that a business might face in setting up a business.	
4. Explain one reward that an entrepreneur hopes to achieve from running a small business.	
5. Explain one method that a small business can add value to its products.	
6. Explain one benefit to a business of adding value.	
7. Explain one reason why an entrepreneur will have to have strong leadership qualities.	
8. Explain one reason why an entrepreneur needs to take risks.	
1.2	My Score
1. Explain one way in which a small business can meet customer needs.	
2. Explain one benefit to a small business of meeting customer needs.	
3. Explain why convenience is an important factor for customers.	
4. Explain the benefit to a small business of identifying a gap in the market.	
5. Explain one way in which the business could carry out market research.	
6. Explain one reason why the business would carry out market research.	
7. Explain the benefit to a small business of conducting primary research.	
8. Explain the drawback to a small business of conducting primary research.	
9. Explain the benefit to a small business of conducting secondary research.	
10. Explain the drawback to a small business of conducting secondary research.	
11. Explain one impact on a small business of making decisions based on unreliable market research data.	
12. Explain one way that a small business may use social media to help with research.	
13. Explain one benefit to a small business of segmentation.	
14. Explain one way in which a small business may segment the market.	
15. Explain one drawback of segmenting the market.	
16. Explain one reason that a business owner might use a market map.	
17. Explain one drawback to a small business of market mapping.	
18. Explain one way in which operating in a competitive market will impact the decisions of a small business.	
19. Explain one method that a small business will use to compete with rival firms.	
20. Explain one reason why aims and objectives may differ between businesses.	

1.3	My Score
1. Explain one financial aim that a small business may hope to achieve.	
2. Explain one non-financial aim that a small business may hope to achieve.	
3. Explain one method that a small business may use to reduce costs.	
4. Explain one impact on a small business of reducing costs.	
5. Explain one method a small business could use to increase profits.	
6. Explain one benefit to a small business of conducting breakeven analysis.	
7. Explain one drawback to a small business of conducting breakeven analysis.	
8. Explain one method a small business could use to lower its breakeven level of output.	
9. Explain one reason why a small business might encounter cash-flow difficulties.	
10. Explain one method a business could use to improve cash flow.	
11. Explain one benefit to a small business of using an overdraft.	
12. Explain one drawback to a small business of using an overdraft.	
13. Explain one benefit to a small business of using trade credit.	
14. Explain one drawback to a small business of using trade credit.	
15. Explain one benefit to a small business of using personal savings.	
16. Explain one drawback to a small business of using personal savings.	
17. Explain one benefit to a small business of using venture capital.	
18. Explain one drawback to a small business of using venture capital.	
19. Explain one benefit to a small business of using share capital.	
20. Explain one drawback to a small business of using share capital.	
21. Explain one benefit to a small business of using a bank loan.	
22. Explain one drawback to a small business of using a bank loan.	
23. Explain one benefit to a small business of using retained profit.	
24. Explain one drawback to a small business of using retained profit.	
25. Explain one benefit to a small business of using crowd funding.	
26. Explain one drawback to a small business of using crowd funding.	

1.4	My Score
1. Explain one impact to an entrepreneur of having unlimited liability.	
2. Explain one impact to an entrepreneur of having limited liability.	
3. Explain one benefit to an entrepreneur of setting up as a sole trader.	
4. Explain one drawback to an entrepreneur of setting up as a sole trader.	
5. Explain one benefit to a small business as setting up as a partnership.	
6. Explain one drawback to a small business as setting up as a partnership.	
7. Explain one benefit to a small business as setting up as a private limited company.	
8. Explain one drawback to a small business as setting up as a private limited company.	
9. Explain one benefit to a small business as setting up as a franchise.	
10. Explain one drawback to a small business as setting up as a franchise.	
11. Explain one factor that will influence where a small business will choose to locate.	
12. Explain one reason why a business may choose to set up close to competitors.	
13. Explain one reason why price is important to a small business.	
14. Explain one benefit to a business of charging a high price for its product.	
15. Explain one reason why product is important to a small business.	
16. Explain one benefit to a small business of increasing its product range.	
17. Explain one reason why promotion is important to a small business.	
18. Explain one reason why place is important to a small business.	
19. Explain one factor that will have an influence on the marketing mix of a small business.	
20. Explain one impact of changing customer needs on the marketing mix of a small business.	
21. Explain one reason why business plans are important to a small business.	
22. Explain one reason why a bank may be interested in the business plan of a small business.	
1.5	My Score
1. Explain one impact that the local community may have on a small business.	
2. Explain one way in which the employees may impact on a small business.	
3. Explain one reason why a small business may experience stakeholder conflict.	
4. Explain one way in which a small business may use technology.	
5. Explain one benefit of e-commerce to a small business.	
6. Explain one drawback of e-commerce to a small business.	
7. Explain one way in which technology influences business activity.	
8. Explain one way in which technology impacts the marketing mix of a small business.	
9. Explain one drawback that advancements in technology may have on a small business.	
10. Explain one impact that consumer law has on a small business.	
11. Explain one impact that employment law has on a small business.	
12. Explain one drawback that legislation can have on a small business.	
13. Explain one impact of a change in consumer income levels will have on small business.	
14. Explain one impact that high levels of unemployment can have on a small business.	
15. Explain one impact that an increase in the levels of taxation can have on a small business.	
16. Explain one impact that rising levels of inflation can have on a small business.	
17. Explain one impact that an increase in interest rates can have on a small business.	
18. Explain one impact that a rise in the value of the pound may have on a small business.	
19. Explain one impact that a fall in the value of the pound may have on a small business.	
20. Explain how a fall in economic activity might impact on a small business.	