

1.3 Enterprise, business growth and size

Name: _____ Class: _____ Date: _____ Total: 20 marks

KEY WORDS employees 员工 • entrepreneur 企业家 • economies of scale 规模经济
• business plan 商业计划书 • market 市场

Objective

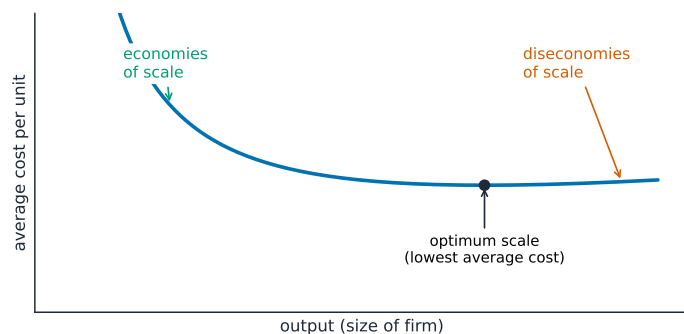
Build the skills to answer exam questions on **enterprise, business growth and size** 创业、企业成长与规模 — the **entrepreneur** 企业家, the **business plan** 商业计划书, measuring size, **internal and external growth** 内部与外部增长, and **economies of scale** 规模经济.

You must be able to:

- describe an entrepreneur and the uses of a business plan
- state ways to measure the size of a business
- explain internal and external growth, and economies of scale

1 Worked examples

■ Growth and economies of scale

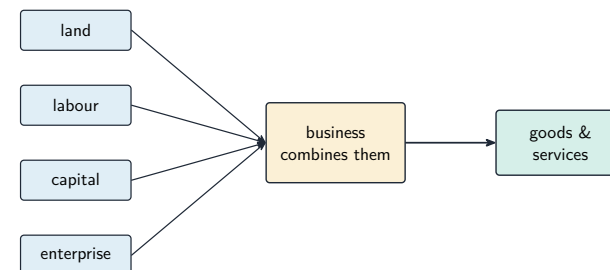


LRAC: economies → min AC → diseconomies

Businesses grow to cut the cost per unit — but only up to a point

- **Measuring size:** number of **employees** 员工, **revenue** 收入, **capital employed** 所用资本 (each has a weakness).

factors of production



Enterprise is the factor that starts and grows the business — combining the other three

- **Internal growth** 内部增长 (organic): sell more, open branches — slower, lower risk. **External growth** 外部增长: a **merger** 合并 / **takeover** 收购.
- **Integration:** *horizontal* (same stage), *vertical* (different stage), *conglomerate* (different industry).
- **Economies of scale** 规模经济: cost per unit falls as the firm grows; **diseconomies** raise it if too big.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 Define the term *entrepreneur*. [2]

2.2 Identify two ways to measure the size of a business. [2]

2.3 State the difference between a *merger* and a *takeover*. [2]

3 Exam-style questions

3.1 Identify two uses of a business plan. [2]

3.2 Explain two benefits to a business of growing larger. [6]

3.3 A successful sole trader wants to grow. Do you think internal growth is better than external growth for this business? Justify your answer. [6]
