

Contents

Dedication / About The Author	v
Author's acknowledgements	vi
About This Book.....	vii
1.1 Introduction to business management	1
The role of businesses.....	1
Business sectors	3
The role of entrepreneurship and intrapreneurship	6
Reasons for starting up a business	7
Steps in the process of starting up a business.....	8
Problems that a new business may face.....	10
The elements of a business plan	11
Introduction to Business Management and the CUEGIS concepts	13
1.2 Types of organizations	15
The private and public sectors	15
Profit-based organizations.....	16
For-profit social enterprises	23
Non-profit social enterprises	26
Types of organizations and the CUEGIS concepts	27
1.3 Organizational objectives	31
Vision statements and mission statements	31
Aims, objectives, strategies and tactics	33
The need for changing objectives.....	35
Ethical objectives	37
SWOT analysis	42
The Ansoff matrix	45
Organizational objectives and the CUEGIS concepts.....	47
1.4 Stakeholders	51
Internal stakeholders	51
External stakeholders.....	52
Stakeholder conflict	55
Mutual benefits of stakeholders' interests	56
Stakeholders and the CUEGIS concepts.....	57
1.5 External environment	61
STEEPLE analysis.....	61
Social opportunities and threats	63
Technological opportunities and threats.....	64
Economic opportunities and threats.....	66
Environmental opportunities and threats.....	70
Political opportunities and threats.....	71
Legal opportunities and threats	73
Ethical opportunities and threats.....	75
The external environment and the CUEGIS concepts	76

1.6 Growth and evolution	79
Economies and diseconomies of scale.....	79
Small versus large organizations.....	83
Internal (organic) growth	86
External (inorganic) growth	89
External growth methods	89
The role and impact of globalization.....	96
The growth of multinational companies.....	99
The impact of MNCs on the host countries	100
Growth and evolution and the CUEGIS concepts.....	102
1.7 Organizational planning tools	105
Fishbone diagram.....	105
Decision trees	106
Force field analysis	109
Gantt charts.....	110
Organizational planning tools and the CUEGIS concepts.....	114
2.1 Functions and evolution of human resource management	117
Human resource planning.....	117
Labour turnover	118
Internal and external factors that influence human resource planning	120
Recruitment and selection	122
Training	128
Appraisal	133
Dismissal and redundancies	136
Changing employment patterns and practices.....	138
Outsourcing, offshoring and re-shoring	142
Human resource planning and the CUEGIS concepts	146
2.2 Organizational structure	151
Organizational structure	151
Levels of hierarchy	155
Bureaucracy.....	156
Centralization and decentralization.....	157
Organizational charts.....	160
Project-based organization	163
Handy's Shamrock organization.....	164
Impact of culture and ICT on communication in organizations.....	165
Organizational structure and the CUEGIS concepts.....	169
2.3 Leadership and management	173
Key functions of management	173
The difference between management and leadership	175
Management versus leadership. AO2	175
Leadership styles.....	177
Leadership, management and the CUEGIS concepts	180
2.4 Motivation	183
Motivation	183

Motivation theories	184
Financial rewards	193
Non-financial rewards	198
Motivation and the CUEGIS concepts	201
2.5 Organizational (corporate) culture	205
Organizational culture.....	205
Elements of organizational culture	205
Types of organizational culture	207
Cultural clashes within organizations	211
Individuals and organizational culture	214
Organizational culture and the CUEGIS concepts	216
2.6 Employer and employee relations	219
Employee and employer representatives.....	219
Industrial/employee relations methods used by employees.....	221
Industrial/employee relations methods used by employers.....	223
Conflict	225
Conflict resolution	226
Resistance to change	229
Industrial/employee relations and the CUEGIS concepts	230
3.1 Sources of finance	233
The role of finance for business	233
Internal sources of finance	234
External sources of finance	235
Short-, medium- and long-term finance.....	241
Sources of finance and the CUEGIS concepts	242
3.2 Costs and revenues	245
Types of cost	245
Revenue	249
Costs, revenues and the CUEGIS concepts.....	252
3.3 Break-even analysis	255
Contribution	255
Break-even analysis	256
Changes in break-even.....	264
Benefits and limitations of break-even analysis.....	264
Break-even analysis and the CUEGIS concepts.....	267
3.4 Final accounts	269
The purpose of final accounts.....	269
The principles and ethics of accounting practice.....	270
The profit and loss account	271
The balance sheet	277
Intangible assets	283
Depreciation [Higher Level].....	285
Final accounts and the CUEGIS concepts	289

3.5 Profitability and liquidity ratio analysis	291
Ratio analysis	291
The purpose of ratio analysis	291
Profitability and efficiency ratios	292
Liquidity ratios	296
Uses and limitations of ratio analysis.....	298
Profitability and liquidity ratios and the CUEGIS concepts.....	300
3.6 Efficiency ratio analysis	303
Efficiency ratios	303
Efficiency ratios and the CUEGIS concepts	309
3.7 Cash flow	311
The difference between cash and profit.....	311
The working capital cycle	312
Cash flow forecasts.....	314
Investment, profit and cash flow.....	319
Strategies to deal with cash flow problems.....	320
Cash flow and the CUEGIS concepts	324
3.8 Investment appraisal	327
Payback period	327
Average rate of return (ARR)	331
Net present value [Higher level].....	333
Investment appraisal and the CUEGIS concepts	337
3.9 Budgets	339
The importance of budgets	339
Cost and profit centres.....	343
Variance analysis.....	344
Budgets and the CUEGIS concepts	347
4.1 The role of marketing	351
Definition and nature of marketing.....	351
Marketing goods and services	353
Market and product orientation.....	354
Commercial marketing and social marketing	355
The market.....	357
Market share	359
Marketing objectives	361
Marketing strategies and changes in customer preferences	362
The role of marketing and the CUEGIS concepts	364
4.2 Marketing planning	371
Elements of a marketing plan	371
The 4 Ps of the marketing mix	372
The marketing mix and marketing objectives	375
Target markets and market segments	377
Targeting, segmentation and consumer profiles	377
Niche and mass markets	382

Position (perception) maps.....	384
Unique selling point (USP).....	387
Differentiation.....	389
4.3 Sales forecasting	395
Sales, trends and forecasting.....	395
Benefits of sales forecasting.....	400
Limitations of sales forecasting.....	402
Sales forecasting and the CUEGIS concepts.....	403
4.4 Market research	405
The role of market research.....	405
Primary market research.....	406
Secondary research.....	410
Ethical considerations of market research	413
Qualitative and quantitative market research.....	414
Sampling methods	416
Results from data collection	419
Market research and the CUEGIS concepts	420
4.5 The four Ps (product, price, promotion, place)	425
Product in the marketing mix	426
Product life cycle	427
Extension strategies and the product life cycle.....	429
Boston Consulting Group (BCG) matrix	431
Branding	433
Aspects of branding	435
Packaging.....	438
Product and the CUEGIS concepts	439
Price	443
Promotion	451
Above the line promotion.....	452
Below the line promotion	455
Promotional mix.....	458
Technology and promotion.....	463
Social media marketing.....	464
Guerrilla marketing	465
Promotion and the CUEGIS concepts.....	467
Place (distribution).....	471
Channels of distribution	471
Place and the CUEGIS concepts.....	477
4.6 The extended marketing mix	481
The marketing of services	481
People.....	482
Processes	483
Physical evidence	484
The extended marketing mix and the CUEGIS concepts	485

4.7 International marketing	487
Entry into international markets	487
Opportunities and threats of international marketing	489
The implications of international marketing	492
Cultural differences in international marketing.....	493
Globalization and international marketing	496
International marketing and the CUEGIS concepts	498
4.8 E-commerce	501
Features of e-commerce.....	501
E-commerce and the marketing mix.....	502
Types of e-commerce.....	507
The benefits of e-commerce	509
The costs of e-commerce.....	510
E-commerce and the CUEGIS concepts.....	511
5.1 The role of operations management	515
Operations management and business functions	515
Operations management and the provision of goods and services.....	516
Operations management strategies and practices	517
The role of operations management and the CUEGIS concepts	521
5.2 Production methods	523
Job production	523
Batch production	525
Mass production.....	525
Flow production.....	526
Cellular manufacturing	528
The appropriateness of different production methods	528
The role of production methods and the CUEGIS concepts	530
5.3 Lean production and quality management	533
Features of lean production	533
Methods of lean production	535
Cradle to cradle design and manufacturing.....	538
Methods of managing quality.....	543
Lean production, quality management and the CUEGIS concepts.....	548
5.4 Location	551
Factors affecting location decisions	551
Reorganizing production.....	558
Location and the CUEGIS concepts	561
5.5 Production planning	565
The supply chain process.....	565
Just in time (JIT) and Just in case (JIC).....	566
Stock control	569
Capacity utilization	574
Productivity.....	577
Cost to buy (CTB) and Cost to make (CTM).....	579

Production planning and CUEGIS concepts	581
5.6 Research and development	585
Research and development (R&D)	585
R&D and customers' unmet needs.....	587
Types of innovation	589
Adaptive creativity and innovative creativity	591
Research & development and the CUEGIS concepts	593
5.7 Crisis management and contingency planning	597
Crisis management.....	597
Factors affecting effective crisis management.....	601
The advantages and disadvantages of contingency planning.....	602
Crisis management, contingency planning and the CUEGIS concepts	605
6.1 Concept-based learning: Introducing the CUEGIS concepts	609
What is concept-based learning?	609
Concept-based learning in Business Management	610
Concept-based learning – Give it a go.....	611
Further resources to help teachers.....	621
Final thoughts on CBL and Business Management.....	621
6.2 Internal assessment	623
Top tips for the Internal Assessment [HL]	623
Top tips for the Internal Assessment [SL].....	625
Top tips from students [HL and SL]	627
6.3 Theory of knowledge	629
The aim of Theory of knowledge	629
What is TOK about?.....	629
How do you know what you know?.....	630
TOK and Business Management	631
6.4 Extended Essay	635
The Extended Essay (EE).....	635
Final top tips for writing a good Extended Essay.....	639
6.5 Exam technique	641
Command words	641
Tackling the exam papers	642
Top tips for improving evaluation in Business Management.....	647
Evaluation frameworks	648
Top five exam preparation tips	650
Revision and Study Tips	652
Final message from the author	653
Index	654