BUS.EN3 Business aims and objectives

AQA 8132 · Calculator allowed · about 55 minutes

Total Marks

Name: ______________________________ Date: ____ / ____ / ______

Answer ALL questions in the spaces provided. Show your working for any calculation: method marks are available even if your final answer is wrong. Cinder & Sail Outdoor Gear, used throughout this pack, is a fictional business.

1 Which one of the following best describes a business objective?

- ☐ A) A business's very first idea for a product
- ☐ B) A specific, measurable target set to help a business achieve its overall aim
- ☐ C) The name of the business's founder
- ☐ D) A business's total assets

(Total for Question 1 is 1 mark)

---

2 Which one of the following is NOT one of the five SMART criteria used to write a good business objective?

- ☐ A) Specific
- ☐ B) Measurable
- ☐ C) Ambitious
- ☐ D) Time-related

(Total for Question 2 is 1 mark)

---

3 State two reasons why survival is likely to be the most important objective for a brand new business.

(Total for Question 3 is 2 marks)

4 Cinder & Sail Outdoor Gear, a fictional outdoor-clothing and equipment brand, sets itself the following target: 'increase the number of retail stores stocking our products from 40 to 100 within three years'. Which type of objective is this?

- ☐ A) Survival
- ☐ B) Growth
- ☐ C) Cost minimisation
- ☐ D) Social responsibility

(Total for Question 4 is 1 mark)

---

5 Cinder & Sail Outdoor Gear was founded five years ago by Owen Vasquez and is now an established, profitable business. Explain one reason why Owen might now prioritise growth rather than survival as the business's main objective.

(Total for Question 5 is 3 marks)

---

6 Cinder & Sail Outdoor Gear's revenue was 120,000 pounds in Year 1 and grew to 150,000 pounds in Year 2.
Calculate the percentage growth in revenue from Year 1 to Year 2. Show your working.

(Total for Question 6 is 2 marks)

---

7 In Year 2, Cinder & Sail Outdoor Gear made 30,000 pounds of profit on its 150,000 pounds of revenue.
Calculate the business's profit margin in Year 2. Show your working.

(Total for Question 7 is 2 marks)

8 The total UK market for Cinder & Sail Outdoor Gear's outdoor-clothing niche is worth 2,000,000 pounds a year. Using the Year 2 revenue figure (question 6), calculate Cinder & Sail Outdoor Gear's market share. Show your working.

(Total for Question 8 is 2 marks)

---

9 Explain one reason why Owen might choose to set Cinder & Sail Outdoor Gear a market share objective (question 8) in addition to a profit objective.

(Total for Question 9 is 3 marks)

---

10 Cinder & Sail Outdoor Gear sets itself a social objective of donating 5% of its annual profit to a wildlife conservation charity. Using the Year 2 profit figure (question 7), calculate this donation. Show your working.

(Total for Question 10 is 2 marks)

---

11 Explain one benefit to Cinder & Sail Outdoor Gear of having a social objective (question 10) alongside its financial objectives.

(Total for Question 11 is 3 marks)

---

12 Cinder & Sail Outdoor Gear sets a growth objective to increase revenue by 20% in Year 3. Using the Year 2 revenue figure (question 6), calculate the Year 3 revenue target. Show your working.

(Total for Question 12 is 2 marks)

13 Cinder & Sail Outdoor Gear's original growth objective was written simply as 'grow revenue', with no target figure or deadline attached.

(a) State two of the five SMART criteria that this objective is missing. **(2)**

(b) Rewrite Cinder & Sail Outdoor Gear's objective as a SMART objective, using your answer to question 12. **(2)**

(Total for Question 13 is 4 marks)

---

14 Explain one reason why a business's objectives are likely to change as it grows from a new start-up into an established business like Cinder & Sail Outdoor Gear.

(Total for Question 14 is 3 marks)

---

15 Owen must decide Cinder & Sail Outdoor Gear's main objective for Year 3: either pursue the 20% growth target (question 12: 180,000 pounds revenue), or instead focus on raising prices to increase the profit margin above its current 20% (question 7), which would likely slow revenue growth.

Recommend which objective Owen should prioritise for Year 3. Justify your answer using the figures and points made earlier in this pack.

(Total for Question 15 is 9 marks)

Mark scheme · BUS.EN3 Business aims and objectives

Question 1

- **B1** B cao
- **Answer: B**

Question 2

- **B1** C cao
- **Answer: C**

Question 3

- **B1** one acceptable reason, e.g. sales are often low and uncertain in the first months of trading, so the business must focus on covering its costs
- **B1** a second acceptable reason, e.g. it must establish itself against existing competitors before it can realistically pursue other goals such as growth
- **Answer: Any two, e.g. sales are low/uncertain at first, so covering costs comes first; the business must establish itself against competitors before pursuing other goals.**

Question 4

- **B1** B cao
- **Answer: B**

Question 5

- **B1** identifies a reason, e.g. the business is now established and consistently profitable, so its survival is much more secure than it was as a start-up
- **B1** develops the point, e.g. this means Owen can afford to invest profit into expanding the business, such as new products or stores, rather than only covering costs
- **B1** links clearly to an outcome, e.g. pursuing growth now can increase future profit and market share, building on the stability the business has already achieved
- **Answer: Cinder & Sail Outdoor Gear is now established and consistently profitable, so Owen can afford to invest in expansion rather than just covering costs, and pursuing growth can increase future profit and market share.**

Question 6

- **M1** ((150,000 - 120,000) / 120,000) x 100 seen
- **A1** 25% cao
- **Answer: 25%.**

Question 7

- **M1** (30,000 / 150,000) x 100 seen
- **A1** 20% cao
- **Answer: 20%.**

Question 8

- **M1** (150,000 / 2,000,000) x 100 seen
- **A1** 7.5% cao
- **Answer: 7.5%.**

Question 9

- **B1** identifies a reason, e.g. a larger market share gives the business more influence over the market, such as with suppliers or on pricing
- **B1** develops the point, e.g. at 7.5% market share, Cinder & Sail Outdoor Gear is still a relatively small player, so growing this share could bring economies of scale not captured by watching profit alone
- **B1** links clearly to an outcome, e.g. a stronger market position also makes the business more resilient if a competitor cuts prices or a new rival enters the market
- **Answer: A larger market share gives Cinder & Sail Outdoor Gear more influence and access to economies of scale, and makes it more resilient to competitor price cuts or new rivals entering the market, benefits that watching profit alone would not capture.**

Question 10

- **M1** 30,000 x 0.05 seen
- **A1** 1,500 pounds cao
- **Answer: 1,500 pounds.**

Question 11

- **B1** identifies a benefit, e.g. donating to a wildlife conservation charity fits naturally with an outdoor-gear brand and can improve its reputation with customers
- **B1** develops the point, e.g. customers who care about the environment may be more likely to choose Cinder & Sail Outdoor Gear over a competitor with no social objective
- **B1** links clearly to an outcome, e.g. this can increase customer loyalty and sales, supporting the business's financial objectives (question 6, question 7) rather than working against them
- **Answer: The wildlife-conservation donation fits an outdoor-gear brand and can improve its reputation, making environmentally-conscious customers more likely to choose it over a competitor, which can increase loyalty and sales and support its financial objectives.**

Question 12

- **M1** 150,000 x 1.20 seen (ft from question 6)
- **A1** 180,000 pounds cao
- **Answer: 180,000 pounds.**

Question 13

- (a) **B1** Specific/Measurable, e.g. no target figure is given for how much revenue should grow by
- (a) **B1** Time-related, e.g. no deadline is given for when the growth should be achieved
- **(a) Answer: Specific/Measurable (no target figure given) and Time-related (no deadline given).**
- (b) **B1** includes the specific, measurable target of 180,000 pounds revenue (ft from question 12)
- (b) **B1** includes a time frame, e.g. 'by the end of Year 3'
- **(b) Answer: Increase revenue from 150,000 pounds to 180,000 pounds by the end of Year 3.**

Question 14

- **B1** identifies a reason, e.g. a start-up's finances and customer base are uncertain, so survival is the priority
- **B1** develops the point, e.g. once a business becomes established and reliably profitable, that immediate pressure eases
- **B1** links clearly to an outcome, e.g. this frees the business to pursue longer-term objectives such as growth, market share or social objectives instead
- **Answer: A start-up prioritises survival because its finances and customer base are uncertain; once established and reliably profitable, that pressure eases, freeing the business to pursue longer-term objectives such as growth or social objectives.**

Question 15

- **Level 1** (1-3): Makes simple, undeveloped comments about the two objectives, with little or no use of the pack's figures and no clear recommendation.
- **Level 2** (4-6): Gives a developed argument for or against prioritising growth, using some of the pack's figures, but does not fully weigh both sides or reach a clearly justified recommendation.
- **Level 3** (7-9): Weighs the evidence for and against both objectives, using the growth, market share and margin figures from this pack, and reaches a justified recommendation supported by that analysis.
- **Indicative content:**
  - For prioritising growth: reaching the 180,000 pound target (question 12) would grow Cinder & Sail Outdoor Gear's market share beyond its current 7.5% (question 8), strengthening its position before competitors catch up.
  - For prioritising growth: revenue already grew 25% from Year 1 to Year 2 (question 6), showing there is strong customer demand still to be captured.
  - Against growth (for prioritising margin instead): raising prices builds on a proven 20% profit margin (question 7) without the extra stock, staff or marketing costs that chasing 180,000 pounds of revenue would require.
  - Against growth: pursuing rapid revenue growth risks cash-flow strain if working capital cannot keep pace with a jump this large.
  - Judgement: since the wildlife-conservation social objective (questions 10 and 11) already ties Cinder & Sail Outdoor Gear's brand to environmental values that support customer loyalty, and the total market is large (2,000,000 pounds, question 8) with room to grow, a reasonable recommendation is to prioritise the growth objective towards 180,000 pounds while closely monitoring cash flow, since capturing market share early is likely more valuable long-term than a short-term margin gain.