

Topic 3.1.3 Setting Business Aims & Objectives

Key Terms:
 Aims SMART Targets
 Objectives Evolve

Nine Key Aims & Objectives:

An aim or an objective is a statement of what a business is trying to achieve over the next 12 months.

For example, a business can set itself any of these targets:

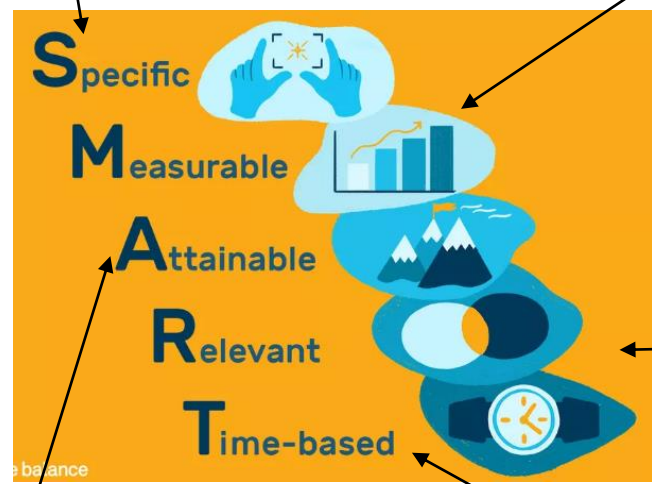
A new cafe may just aim to survive its first year

1. Survive
2. Profit maximisation
3. Growth
4. Increasing market share
5. Provide a service
6. Customer satisfaction
7. Environmental
8. Ethical
9. To increase shareholder value



Specific: clearly state what is to be achieved, e.g. increased profits

Measurable: the desired outcome is a number value that can be measured, e.g. increase profits by 10%



Relevant: The target must be linked to what a business is aspiring to achieve.

Attainable: the objective must be realistic and within a business's ability to achieve taking into account the market conditions, workforce and financial resources.

Time based: the target will be met within a given period of time e.g. 12 months.

Why Businesses set objectives:

- To give a clear sense of direction
- To help monitor progress
- To communicate goals to stakeholders

Why business objectives change

This can happen in response to internal factors, such as a business growth, or in response to external factors, such as economic recession.

A small start up business may aim to survive in the first year. Once successful, the business then sets itself the objective of increasing profits or growing in size.

Alternatively a profitable business that is hard hit by economic recession may struggle to maintain the same level of output. Faced with falling sales a business may change its objective from growth/ profit to simply surviving.

TASK 1:

Define the key terms:

Aims

Objectives

SMART targets

Evolve

TASK 2:

Consider a new start up business – what 3 objectives would be appropriate for them to set and explain why?

1.

Explanation

2.

Explanation

3.

Explanation

TASK 3:

Research into 2 large businesses from different industries e.g. Cadbury, Coca Cola, Nike, Hollister, Tesco etc. How do their aims compare and what factors might cause these to change?