

Topic 1.1: What Is a Business?

LO: 1.1.A, 1.1.B | Skill: 1.A, 2.A | Canvas: Task 1

I. What Is a Business?

A business is an organization or entity that produces and distributes _____, which can be _____ And/or _____.

Businesses can be _____ — measured by geographic Reach, number of employees, or revenue.

They can serve customers _____ or _____.

Customer vs. Consumer

The _____ is the individual or business that PURCHASES a good or service.

The _____ is the individual who USES the good Or service — whether or not they are the buyer.

Example: a parent buys a cereal that their kids eat.

- The parent is the _____.
- The kids are the _____.

II. Problem-Solution Fit

Businesses identify customer _____ — These are called _____.

When a business develops a product that successfully addresses one Of those, it achieves _____.

A critical rule of business:

Businesses cannot satisfy _____. They must SELECT which problems and which customers to focus on.

Why selection matters

- Trying to please everyone makes the product appeal to no one.
- Focused businesses can deliver a better solution to a specific group.
- Selection is the foundation of every other business decision (marketing, pricing, supply chain, etc.).

III. Value

Value = the _____ of a product to customers.

Value is from the customer's perspective. It's not measured in dollars the business spent; it's measured in what the customer gets.

IV. Value Creation vs. Value Capture

Value Creation

Occurs when businesses provide a product that _____.

In other words: you made something the customer actually wants.

Value Capture

Occurs when businesses are able to charge customers a higher Price for a product than it _____.

In other words: you got paid more than you spent.

Both matter — but they're not the same thing

- A business that creates value but cannot capture it = _____ (will run out of money).
- A business that captures value without creating it = _____ (customers will stop buying).
- Long-term businesses do BOTH.

V. Quick Check

Café A: produces a \$4 drink for \$2 in cost. → Created value: _____.

Captured value: _____.

Café B: sells the same \$4 drink but spent \$5 on rare ingredients. → Created value:

_____. Captured value: _____.

Café C: makes a drink no customers want. → Created value: _____. Capture is _____ without creation.