

What is Business?

What Is Business? – Structured Overview

1. Definition

- **Business** = an organized effort by individuals or groups to produce, sell, or exchange goods and/or services for profit (or other desired outcomes such as social impact).
 - It involves **creating value** for customers and **capturing value** for the organization.
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2. Core Elements

Element	Description	Example
Product / Service	Tangible goods or intangible services offered to satisfy a need or want.	A smartphone (product) or a consulting session (service).
Market	The group of potential customers who have the need, purchasing power, and willingness to buy.	Young professionals in urban areas.
Value Creation	Designing, producing, or delivering something that customers perceive as beneficial.	Innovative features, high quality, convenience.
Value Capture	The mechanism by which the business earns revenue and profit.	Pricing strategy, subscription fees, licensing.
Resources	Inputs required to operate: capital, labor, technology, information, raw materials.	Factory equipment, skilled staff, proprietary software.
Operations	The processes that transform resources into the final offering.	Manufacturing line, service delivery workflow.
Risk & Return	Uncertainty inherent in market conditions, competition, regulation; balanced by expected profit.	Market entry risk vs. potential market share.

3. Types of Business Organizations

Form

Legal Characteristics

Typical Use Cases

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Sole Proprietorship	Owned by one individual; unlimited personal liability; simple tax filing.	Freelancers, small retail shops.
Partnership	Two or more owners; shared profits/losses; can be general or limited.	Law firms, medical practices.
Corporation (Inc.)	Separate legal entity; limited liability; can issue stock; more regulatory compliance.	Large manufacturers, tech startups seeking VC.
Limited Liability Company (LLC)	Hybrid of partnership & corporation; limited liability, flexible tax options.	Mid-size service firms, e-commerce ventures.
Cooperative	Owned and democratically controlled by members; profits distributed among members.	Agricultural collectives, credit unions.
Non-profit/NGO	Mission-driven, not primarily profit-seeking; tax-exempt status if qualified.	Charities, foundations, social enterprises.

4. Business Functions (Key Departments)

- Marketing & Sales** – Market research, branding, advertising, customer acquisition, and relationship management.
 - Finance & Accounting** – Budgeting, cash-flow management, financial reporting, tax compliance, investment analysis.
 - Operations / Production** – Supply-chain management, quality control, logistics, process optimization.
 - Human Resources (HR)** – Recruiting, training, compensation, employee relations, compliance with labor laws.
 - Research & Development (R&D)** – Innovation, product design, technology development.
 - Information Technology (IT)** – Infrastructure, cybersecurity, data management, software development.
 - Legal & Compliance** – Contract management, regulatory adherence, intellectual-property protection.
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5. Business Models – How Value Is Delivered & Captured

Model	How It Works	Typical Industries
Product Sales	One-time purchase of a physical good.	Consumer electronics, apparel.

What is Business?

Model

How It Works

Typical Industries

Service Delivery Payment for time, expertise, or outcome. Consulting, healthcare.

Subscription Rec