

AQA A Level Applied General (Extended) Certificate in Business

Unit 2: Business dynamics

Aim and purpose:

In this unit, you will develop your understanding of business organisations and how they can use their human, physical and financial resources to achieve their goals.

Unit Introduction:

Human, physical and financial resources are essential for the success of business organisations. In this unit, you will investigate the factors contributing to the success of businesses, focussing on the role played by managers, supervisors and employees. You will consider how businesses organise themselves and you will develop your ability to analyse and evaluate the effectiveness of these organisational structures. You will investigate how businesses can gain a competitive advantage over other businesses, for example, through improving their operations, and the factors that determine the market share held by a business. You will then consider the role of management in improving the competitive position of businesses and how managers implement policies to improve the ways in which

staff operates - individually and as part of the wider organisation. Finally, you will consider the potential for businesses to survive and grow by investigating the strengths, weaknesses, opportunities and threats of businesses.

Performance outcomes:

Learners will be able to:

- Performance outcome 1: Understand business organisations.
- Performance outcome 2: Investigate business advantages.
- Performance outcome 3: Consider business dynamics.
- Performance outcome 4: Assess business potential.

Performance outcome 1: Understand business organisations

Business markets,

vision and aims

- Meaning of business, to include profit and not-for-profit organisations.
- Markets and market opportunities.
- Purpose and use of vision statements and aims.

Stakeholders and

ownership

- Stakeholders, to include internal groups and external groups, and their interests
- Business ownership and the factors determining choice of form:
 - business vision and aims
 - stakeholder involvement in decision-making
 - markets and market opportunities
 - risk and uncertainty.

Business organisation •• Meaning of business functional activities, to include marketing, finance, operations and human resources.

•• Organisational structure:

- tall vs flat
- centralised vs decentralised.
- Organising functional activities, considering the following factors:
 - organisational decision-making
 - markets

- operations
- staffing levels, roles and skills

Performance outcome 2: Investigate current business adva

Recruitment

- Recruitment planning.
- Methods of recruitment, to include traditional and online.
- Measuring the effectiveness of recruitment (e.g. time to fill vacancies, staff turnover and promotion).

Organisational types

- Mintzberg's organisational types:
- the entrepreneurial organisation
- the machine organisation (bureaucracy)
- the professional organisation
- the divisional (diversified) organisation
- the innovative organisation ('adhocracy').
- The effectiveness of a business's organisational type, considering the extent to which it helps the business to:
 - exploit market opportunities
 - operate efficiently
 - motivate staff to achieve its vision and aims.

Competitive advantage •• Competitive advantage:

- production costs, including role of operational efficiency
- consumer benefits
- unique selling proposition (USP).
- Use of trademarks and patents to protect a competitive advantage.
- The extent to which a business holds a competitive advantage.

Performance outcome 3: Consider business dynamics

Competitive position

- Market share (by sales revenue and volume) and competitive position.
- Market maps.
- Porter's competitive position analysis.
- The extent to which a business has a favourable competitive position.

Management policies to improve competitive position

- Role of management in improving competitive position:
 - identifying need to improve
 - understanding how to improve
 - planning for improvement
 - providing leadership for improvement.
- Management policies to improve the competitive position of a business by modifying aspects of:
 - marketing
 - operations
 - human resources.

Performance outcome 4: Assess business potential

Internal business strengths and weaknesses

- Strengths and weaknesses of a business's competitive position in relation to its:
 - customers
 - competitors
 - organisational type
 - operational and financial resources.
- Identifying key strengths and weaknesses affecting business performance.

External business opportunities and threats

- Opportunities and threats identified through an analysis of:
 - relevant external environment forces, to include economic, technological, and social and ethical
 - key strengths and weaknesses.
- Business potential based on a consideration of its opportunities and threats.

Unit 6: Marketing Communications

Aim and purpose:

In this unit, you will investigate the use of marketing communications by small businesses, develop a marketing communications mix for your business proposal and recommend a schedule of marketing communications.

Unit Introduction:

Marketing communications are essential for any business wishing to attract and retain customers. In this unit, you will investigate the marketing communications delivered by small businesses, considering their use of traditional and modern marketing communications channels. You will then use information from your Business proposal unit assignment to plan a marketing communications strategy capable of supporting your business proposal. This will require you to investigate the buyer behaviour and communications preferences of your target market. You will also investigate how your potential competitors use traditional and modern marketing communications channels. You will then draft the communication materials needed to implement your strategy, testing these with representatives of your target market, and develop your marketing communications mix. Finally, you will recommend a schedule of marketing communications for your business proposal and make appropriate adjustments to the business proposal's outline plans and coherence.

Performance outcomes:

Learners will be able to:

- Performance outcome 1: Investigate small business marketing communications
- Performance outcome 2: Plan a marketing communications strategy
- Performance outcome 3: Develop a marketing communications mix
- Performance outcome 4: Recommend a schedule of marketing communications

Performance outcome 1: Investigate small business marketing

Marketing communications

- Communicating with potential and existing customers
 - Verbal communication methods:
 - written e.g. through Twitter
 - oral e.g. through YouTube
 - Non-verbal communication methods:
 - body language e.g. facial expressions and body posture
 - paralanguage e.g. emotion, tone, appearance of speaker and use of cultural symbols

- Visual communication methods:
- typography e.g. within a blog
- illustrations e.g. within a Facebook page
- graphic design e.g. use of colour and white space within a website
- electronic resources e.g. use of video and animation within a website
- Message content:
- unique selling proposition
- customer value proposition

Marketing communications channels

- Traditional channels:
- local publications and direct mail
- radio
- telephone
- sponsorship
- face-to-face
- Modern channels:
- email
- websites and blogs
- social media and social video
- experiential marketing
- Comparing traditional and modern channels:
- cost
- flexibility
- reach
- engagement

Performance outcome 2: Plan a marketing communications strategy

Existing business proposal information

- Sales forecast and target market customer profiles
- Competitors
- Unique sales proposition
- Customer value proposition

Target market characteristics

- Influences on behaviour:
- cultural (e.g. social class and cultural identities)
- social (e.g. reference and aspirational groups, family, social roles and status)
- personal (e.g. age, lifecycle stage, occupation, economic circumstances and lifestyle)
- psychological (e.g. hierarchy of needs, perception of self and others, beliefs and attitudes)
- Decision-making processes:
- need recognition
- information search
- alternative evaluation
- purchase decision
- post-purchase behaviour
- Preferred marketing communications channels

Message and channel options

- Considering:
- existing business planning information

- target market characteristics
- competitors' marketing communications messages and channel choices

Marketing communications strategy

- Outbound or inbound approach
- Customer loyalty ladder
- Message choice
- Selected channels

Performance outcome 3: Develop a market

Existing business proposal information

- Available:
- human resources and communications skills
- physical resources and communications capacity
- Indicative marketing communications budget

Communication materials

- Communication methods used
- Draft communication materials required by selected channels

Target market approval

- On:
- draft communication materials
- channel choice
- Use of focus groups and interviews to gauge approval

Marketing communications mix

- Communications content and channels used to deliver the content
- Cost of producing and delivering the content
- Coherent marketing communications mix:
- marketing communications strategy
- existing business planning information
- target market approval
- integrated use of channels
- message consistency

Performance outcome 4: Recommend a schedule of marketing communications

Schedule of marketing communications

- Schedule:
- channels
- sequence
- timing
- milestones
- budgeting
- Proposed metrics (measures of success) and how they will be used

New business proposal information

- Possible impact of the marketing communications on the business proposal's:
- outline plans
- coherence
- Adjustments to the business proposal considering the impact of the marketing communications

GCSE Business Studies

Our Current year 11s are studying 2010 AQA GCSE Business Studies Course

3.1 Unit 1 – Setting up a Business

This unit introduces candidates to issues concerning the setting up and operation of a business. It explores

the activities of business and the reasons for success or failure. It encourages candidates to appreciate that businesses must operate within society and that this involves businesses engaging with a wide range of stakeholders who will hold differing perspectives.

1. Starting a Business

This section introduces candidates to the issues involved with starting a business.

1.1 Starting a Business Enterprise

- sources of business ideas
- looking for a gap in the market
- identification of a product or market niche
- reasons for starting a business
- franchises.

1.2 Setting Business Aims and Objectives

- types of business aims and objectives
- purpose of setting objectives
- using business objectives to measure success
- influence of stakeholders on business objectives.

1.3 Business Planning

- the purpose of business planning
- the main sections within a business start-up plan
- uncertainty and risk for start-up businesses.

1.4 Choosing the Appropriate Legal Structure for the Business

- sole trader
- partnership
- private limited company (Ltd).

1.5 Choosing the Location of the Business

- factors influencing start-up location decisions.

2. Marketing

This section provides candidates with an introduction to marketing within the context of a business with a

limited budget. Consideration is given to the role of information technology in marketing.

2.1 Conducting Market Research with Limited Budgets

- reasons for conducting market research
- market research methods.

2.2 Using the Marketing Mix

- elements of the marketing mix
- selecting an appropriate marketing mix for a

small business.

- the use of ICT in assisting international marketing.

Candidates need to be familiar with the four elements of the marketing mix – Product, Price, Promotion and Place. Detailed knowledge of each, however, is not required. Basic relationship between price and demand.

e.g. a price rise would probably affect the profits of a small business in a competitive market.

3. Finance

This section introduces candidates to the importance of finance to a business. It investigates sources of finance and financial advice when setting up a small business. Candidates will be introduced to basic financial terms and simple cash flow statements.

3.1 Finance and Support for a Small Business

- sources of finance
- sources and types of advice available to small businesses.

Candidates need to be aware of the difficulties that many new businesses face when attempting to raise funds.

3.2 Financial Terms and Simple Calculations

- basic financial terms
- calculating profit and loss.

Candidates need to understand the terms: price, sales, revenue, costs and profit and the relationship between these.

Candidates should be able to perform simple calculations based on these figures to determine profit/loss.

3.3 Using Cash Flow

- interpreting simple cash flow statements
- the importance of cash flow statements
- identifying solutions to cash flow problems.

4. People in Businesses

This section considers suitable ways by which businesses might recruit, motivate and retain staff.

4.1 Recruiting

- the need for recruitment
- recruitment methods
- remuneration
- monetary and non-monetary benefits.

4.2 Motivating Staff

- benefits to the business of motivated staff
- methods of motivation used by small businesses.

4.3 Protecting Staff through Understanding Legislation

- equal pay and minimum wage laws
- discrimination
- employment rights
- health and safety.

5. Operations Management

This section considers the importance of operational decisions in managing a business. It explores how operations management can help a business to be more effective, and the role technology can play in this process.

5.1 Production Methods for Manufacturing and Providing a Service

- methods of production
- efficiency and technology
- quality issues.

5.2 Customer Service

- importance of customer service
- consumer protection
- impact of ICT.

3.2 Unit 2 – Growing as a Business

This unit builds upon the content of Unit 1, allowing candidates to study businesses as they grow and the issues that expansion raises.

1. The Business Organisation

This section builds upon the work of Unit 1, and considers how the methods of expansion and objectives of larger businesses might differ from smaller businesses.

1.1 Expanding a Business

- benefits and risks of expansion
- methods of expansion
- conflict between stakeholders.

1.2 Choosing the Right Legal Structure for the Business

- private limited companies (Ltd)
- public limited companies (plc).

1.3 Changing Business Aims and Objectives

- reasons for changing aims and objectives as businesses grow
- ethical and environmental considerations.

Candidates should consider how the aims and objectives of larger businesses might differ from smaller businesses, for instance becoming the dominant business in the market or expanding internationally.

1.4 Choosing the Best Location

- the importance of location to growing businesses
- issues relating to overseas location.

2. Marketing

This section builds upon marketing concepts introduced in Unit 1 and relates them to the context of a growing business. Candidates will investigate each component of the marketing mix and review how a large business may choose the most appropriate components of the marketing mix and alter its marketing mix in response to market forces

2.1 The Marketing Mix – Product

- product portfolio/mix
- product life cycle.

2.2 Using the Marketing Mix – Price

- pricing decisions for growth
- factors affecting pricing decisions.

2.3 Using the Marketing Mix – Promotion

- promotional activities to enable growth
- selecting the promotional mix.

2.4 Using the Marketing Mix – Place

- channels of distribution to enable growth
- selecting channels of distribution.

3. Finance

This section introduces candidates to aspects of finance faced by large businesses. Candidates will become familiar with the sources of finance available to large businesses, compared to the small/start-up businesses covered in Unit 1. Basic, simplified financial statements are introduced in this section and candidates will be expected to be able to analyse the content of these documents.

3.1 Finance for Large Businesses

- sources of finance available
- appropriateness of the sources.

3.2 Profit and Loss Accounts and Balance Sheets

- purpose of financial statements
- components of financial statements
- interpretation of data given on financial statements.

4. People in Businesses

This section introduces candidates to the human resources function in a large business. Candidates will also be introduced to the different organisational structures of a business and the processes by which businesses recruit, motivate and retain their employees.

4.1 Reorganising Organisational Charts and Management Hierarchies

- internal organisational structures
 - appropriateness of centralisation/decentralisation for growing businesses.
- organisational structure has on how the organisation is managed.

4.2 Recruitment and Retention of Staff

- the staff recruitment process
- appraisal and training
- methods of motivation
- retention of staff.

5. Operations Management

This section introduces candidates to the organisation of production or service provision. Candidates will increase their understanding of production methods to include flow production. The concepts of efficiency and quality assurance are introduced in this section.

5.1 Production Methods for Growing Businesses

- use of flow production
- efficient production methods
- lean production techniques.

5.2 Recognising Challenges of Growth

- advantages of growth
- disadvantages of growth.

5.3 Maintaining Quality Assurance in Growing Businesses

- identifying quality problems
- methods of maintaining consistent quality.

3.3 Unit 3 – Investigating Businesses

This unit is a controlled assessment unit. The work must be each candidate's own individual response and must be produced under controlled conditions.

Task Setting

All controlled assessment tasks will be set by AQA.

Tasks will be replaced each year and will only be available for one assessment opportunity. AQA will provide centres with pre-released material which will require candidates to undertake a business investigation.

Task Taking

- Preparation

Before candidates carry out their investigation of the business, centres should prepare them by covering the relevant section(s) of the specification.

During this phase, centres should ensure that candidates are familiar with the skills which will be assessed, especially the need to evaluate their findings.

- Research and Planning

It is suggested that between five and eight hours should be allocated for candidates to research the business.

During the research and planning phase, teachers may give feedback to individual candidates to support them in their learning, but this assistance must be recorded.

Candidates may work with others during the research and planning stage. Each candidate must, however,

produce an individual response to the tasks.

Final Presentation

Candidates should spend up to three hours writing up their findings. (Additional time can be given for

candidates with special assessment requirements). This time may be divided into more than one session,

provide that the teacher collects all materials at the end of each session, keeps them under secure conditions and returns them to candidates at the beginning of the next session. Centres are not allowed to give feedback to candidates during this time. When completing their work, candidates must work independently under teacher supervision.

Our current Years 10 & 9 are following the new AQA GCSE Business Studies Syllabus (8132)

3.1 Business in the real world

The purpose of business activity, the role of business enterprise and entrepreneurship, and the dynamic nature of business.

3.1.1 The purpose and nature of businesses

- Purpose of business
- Reasons for starting a business
- Basic functions and types of business
- Business enterprise and entrepreneurship
- Dynamic nature of business

3.1.2 Business ownership

- Sole traders
- Partnerships
- Private limited companies (Ltd)
- Public limited companies (plc)
- Not-for-profit organisations

3.1.3 Setting business aims and objectives

- What are business aims and objectives
- Purpose of setting objectives
- Role of objectives in running a business
- Changing objectives
- Use of objectives in judging success

3.1.4 Stakeholders

- Main stakeholders of businesses
- Objectives of stakeholders
- Impact of business activity on stakeholders
- Impact and influence stakeholders have on businesses

3.1.5 Business location

Factors influencing the location decision of a business

3.1.6 Business planning

- The purpose of business planning
- The main sections within a business plan
- Basic financial terms
- Basic financial calculations

3.1.7 Expanding a business

- Methods of expansion
- Benefits and drawbacks of expansion
- Economies of scale
- Diseconomies of scale

3.2 Influences on business

The importance of external influences on business and how businesses change in response to these influences.

3.2.1 Technology

- E-commerce
- Digital communication

3.2.2 Ethical and environmental considerations

Ethical considerations Students should be able to identify and analyse where there may be a possible trade off between ethics and profit.

Ethical behaviour requires businesses to act in ways that stakeholders consider to be both fair and honest.

3.2.3 The economic climate on businesses

- Interest rates:
- how fluctuating interest rates can affect businesses that rely on overdrafts and loans for finance

- how fluctuating interest rates can affect consumer and business spending.
- Level of employment
- Consumer spending

3.2.4 Globalisation

How UK businesses compete internationally, offering:

- better designs
- higher quality products at lower prices.

3.2.5 Legislation

- Employment law
- Health and Safety law
- Consumer law

3.2.6 Competitive environment

- Impact on businesses of operating in competitive markets
- Uncertainty and risks businesses face

3.3 Business operations

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

What business operations involve, their role within the production of goods and the provision of services, and how they influence business activity.

3.3.1 Production processes

Methods of production:

- job
- flow.

3.3.2 The role of procurement

Managing stock:

- Just in time (JIT)
- Just in case (JIC).

Factors affecting choice of suppliers including:

- price
- quality
- reliability.

The effects of procurement and logistics on a business, including:

- efficiency
- lower unit costs.

The value of effective supply chain management, including:

- working with suppliers to ensure that key processes are running efficiently and cost effectively
- getting goods and services for the best price and value
- cutting any waste and unnecessary costs to create a streamlined process and fast production times.

3.3.3 The concept of quality

Consequences of quality issues Students should have an understanding of customer expectations of quality in terms of production of goods and the provision of services. How businesses identify quality problems and how businesses measure quality and the consequences of these issues.

Methods of maintaining consistent quality:

Total quality management (TQM)

Costs and benefits of maintaining quality:

- additional sales
- image/reputation
- higher price
- inspection costs
- staff training
- product recalls
- the provision of services.

3.3.4 Good customer services

Methods of good service:

- product knowledge
- customer engagement (creating a positive experience for the customer)
- post sales services (eg user training, help lines, servicing).

Benefits of good customer service, including:

- increase in customer satisfaction
- customer loyalty
- increased spend
- profitability.

Dangers of poor customer service, including:

- dissatisfied customers
- poor reputation via word of mouth
- reduction in revenue.

The ways in which advances in ICT have allowed customer services to develop:

- websites
- e-commerce
- social media.

3.4 Human resources

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

The purpose of human resources, its role within business and how it influences business activity.

3.4.1 Organisational structures

- Organisational structures
- Appropriateness of organisational structures
- Centralisation and decentralisation
- internal organisational structures, span of control, chain of command, delayering and delegation

- why businesses have internal organisational structures, including an understanding of different job roles and responsibilities throughout the business
- the impact that having a tall or flat organisational structure has on how a business is managed
- how organisational structure may affect the different ways of communication.

3.4.2 Recruitment and selection of employees

- The need for recruitment
- Methods of recruitment and selection of employees
- Contracts of employment

3.4.3 Motivating employees

- Importance of motivation in the workforce
- Methods to motivate staff
- understand the benefits of a motivated workforce, such as staff retention and high productivity
- understand the use of financial methods of motivation (including an understanding of the main methods of payment including salary, wage, commission and profit sharing)
- understand the use of non-financial methods of motivation, including styles of management, importance of training and greater responsibility, fringe benefits.

3.4.4 Training

- Importance of training the workforce
- Types of training undertaken by businesses

3.5 Marketing

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

The purpose of marketing, its role within business and how it influences business activity.

3.5.1 Identifying and understanding customers

The importance of identifying and satisfying customer needs in order to

- provide a product or service that customers will buy
- increase sales
- select the correct marketing mix
- avoid costly mistakes
- be competitive.

3.5.2 Segmentation

Types of segmentation Students should understand how and why different businesses use segmentation to target customers, including:

- gender
- age
- location
- income.

3.5.3 The purpose and methods of market research

Purpose of market research

Collect information about:

- demand
- competition
- target market.

Methods of market research to include primary and secondary:

- questionnaires
- surveys
- interviews
- focus groups
- internet research
- printed press eg newspapers.

Use of market research: information that may help decision making

3.5.4 The elements of the marketing mix: price, product, promotion and place (4Ps)

Pricing methods, including:

- price skimming
- price penetration
- competitive pricing
- loss leader
- cost-plus.

The factors that influence pricing decisions, including:

- costs
- nature of the market
- degree of competition
- product life cycle.

Product differentiation:

- unique selling point (USP)
- brand image.

Promotional methods:

- advertising, including:
 - newspapers
 - magazines
 - television
 - internet
 - billboards.
 - PR
- sales promotion
 - point of sales displays
 - 2 for 1 offers
 - free gifts
 - samples
 - coupons
 - competitions.
 - sponsorship

- social media.

Factors influencing the selection of the promotional mix:

- finance available
- competitor actions
- the nature of the product or service
- the nature of the market
- target market.

Reasons for promotion:

- inform/remind customers about the product
- create or increase sales
- create or change the image of the product
- persuade customers to buy the product.

Place (the different channels of distribution used by businesses):

- retailers
- wholesalers
- telesales.

E-commerce and m-commerce

the growing importance of e-commerce and m-commerce and how it can extend the reach of businesses to include international markets.

identify the benefits and drawbacks of a business using e-commerce and m-commerce.

- Integrated nature of the marketing mix
- Using the marketing mix to inform and implement business decisions

3.6 Finance

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

The purpose of the finance function, its role within business and how it influences business activity.

3.6.1 Sources of finance

- Methods businesses use to raise finance
- Appropriateness of sources of finance

3.6.2 Cash flow

- Importance of cash to businesses
- understand the consequences of cash flow problems and the effect of positive cash flow
- Interpreting cash flow forecasts
 - understand how and why cash flow forecasts are constructed
 - complete and interpret sections of a cash flow forecast (this includes an understanding of cash inflows and outflows, net cash flow and the opening and closing balance. Students are not expected to be able to construct an entire cash flow forecast)
 - evaluate possible solutions to cash flow problems, including re-scheduling payments, overdrafts, reducing cash outflow, increasing cash inflow and finding new sources of finance
 - Difference between cash and profit

3.6.3 Financial terms and calculations

- Basic financial terms
- Basic financial calculations
- Average rate of return
- Break-even
- understand the difference between variable costs, fixed costs and total costs
- understand the concept of revenue, costs, profit and loss
- understand the main investment projects that businesses undertake, including investment in new machinery, buildings and vehicles and be able to calculate the average rate of return for these projects
- understand the meaning of the term break-even output and interpret break-even charts
- identify the break-even level of output and margin of safety from a break-even chart
- evaluate the value of using break-even analysis to a business.

3.6.4 Analysing the financial performance of a business

- Purpose of financial statements
- Components of financial statements
- Interpretation of data given on financial statements
- understand the importance of financial statements for assessing business performance and helping make business decisions
- identify the main components of the income statement and the statement of financial position
- understand the difference between assets and liabilities and that the statement of financial position is a snapshot in time
- make judgements on the performance of a business through the interpretation of the information contained in income statements
- consider current performance, performance against previous years, performance against competitors and performance from the perspective of a range of stakeholders
- calculate gross profit margin and net profit margin to help assess financial performance.

Year 11 BTEC Level 1 / 2 First Award in Business

Learners must complete the two core units, and a choice of optional units. Students study

Unit 1: Enterprise in the Business World

Core Unit assessed internally.

In this unit:

A know how trends and the current business environment may impact on a business

B plan an idea for a new business

C present a business model for a business start-up.

What needs to be learnt

Learning aim A: Know how trends and the current business environment may impact on a business

Topic A.1 Finding information

- Sources of information, e.g. broadsheet and local newspapers, professional and trade journals, websites, business networking organisations
- Reliability of sources and bias and currency of information

Topic A.2 Factors to consider in the current business environment

- National factors – political issues, level and type of government support for business, taxation, the economy, e.g. level of employment, inflation, exchange rates, cost of loans
- Local factors – location of business, requirements for resources, e.g. premises, staff, equipment, location of suppliers, competitors and customers
- Impact of factors – on a selected target group of customers, relevance to business proposition

Topic A.3 Trends affecting business

- Social trends, e.g.:
 - o population changes, increasing life expectancy
 - o households and families, e.g. more couples cohabiting
 - o education, e.g. increasing achievements at GCSE
 - o labour market, e.g. increase in flexible working
 - o increasing travel for work, e.g. longer commutes to work
- Technology trends, e.g. increasing use of information technology, telephony and web developments
- Environmental trends, e.g. increase in renewable energy and recycling
- Ethical trends – ethical concerns of potential customers, e.g. carbon footprint, sources of timber, child labour, inadequate pay, animal welfare, identification of values of an organisation and ethical codes to address ethical concerns, contribution of business to the community

Topic A.4 Size of business and type

- Micro business – up to 9 staff
- SMEs (small and medium enterprises):
 - small enterprises – between 10 and 49 staff
 - medium enterprises – between 50 and 249 staff
- Large business – more than 250 staff
- Start-ups and existing businesses

aim B: Plan an idea for a new business

Topic B.1 How business ideas can be successful

- Finding innovative solutions, e.g. Dyson
- Meeting customer needs, e.g. products or services, filling a gap, doing it better than competitors
- Identifying new needs, e.g. mentoring and coaching, using digital media (such as social networking websites)
- Continuing to meet established customer needs, e.g. adapt when gap in provision, review and improve provision
- Being entrepreneurial – ideas of recent entrepreneurs, e.g. Tanya Budd, Rose Grimond, Mark Zuckerberg
- Importance of having a strong vision and seeing it through, e.g. Apple
- Measures of success, e.g. financial, social, customer satisfaction

Topic B.2 Business ideas

- Researching the market and identifying gaps or opportunities
- Selecting a product or service
- Targeting customers, e.g. by age, location, interests, concerns
- How a selected product or service will meet the need or demand of targeted customers
- Difference between 'benefits' and 'features' of a product or service

Topic B.3 Assessing the suitability of a business idea

- Estimating resources required to develop ideas, including:
 - own time, others' time, skills and areas of expertise
 - personal commitment
 - finance, premises, materials, equipment
- Selecting the most appropriate idea
- Likelihood of success or failure, e.g. access to prospective customers, existing demand, estimating profitability
- Identification of major barriers for a start-up business, e.g. large start-up costs, cash flow, licences, competitors

Topic B.4 Producing an initial plan for a business idea

- Producing a plan, including:
 - a rationale for a realistic idea, including vision and concept
 - supporting evidence, e.g. possible customers, possible routes to market, strategy for dealing with competitors, ideas for financing, ideas for implementation

Learning aim C: Present a business model for a business start-up

Topic C.1 Choice of format

- Definition, features, advantages and disadvantages of the following formats:
 - sole trader

- o partnership
- o limited company
- o public limited company (plc)
- o social enterprise

Topic C.2 Sources of help and support in developing a new business

- Sources of help, e.g. finance (bank manager), start-up capital (selling shares to family members, Prince's Trust), research (other businesses), independent advice (Business Link)
- Support networks, e.g. Chambers of Commerce, trade associations, professional bodies, friends and family, charities and voluntary organisations

Topic C.3 Business model

- Definition of a business model – shows how a business aims to generate revenue and make a profit from operations: the model includes the components and functions of business, as well as revenues it generates and expenses it incurs
- Components of a business model, including:
 - o results of researching the market, including identifying potential customers (businesses or individual consumers) and competitors
 - o goods or services – make or buy
 - o means of delivering to customer, e.g. internet only, franchise, direct sales
 - o business aims – the long-term visions or goals
 - o business objectives – measurable targets to help achieve the overall aims of a business, importance of making objectives SMART (specific, measurable, achievable, realistic and time-related)
 - o stakeholders and their influence on the business, e.g. owners, employees, customers, financiers, suppliers, local community
 - o finances and costs for start-up
 - o providing evidence to justify why the idea will succeed

Unit 2: Finance for Business

Is a core unit which is assessed externally

In this unit:

A understand the costs involved in business and how businesses make a profit

B understand how businesses plan for success

C understand how businesses measure success and identify areas for improvement.

Learning aim A: Understand the costs involved in business and how businesses make a profit

Topic A.1 Understand the costs involved in business

Learners should:

- understand and identify costs of a business, including:
 - o start-up costs – the costs incurred when setting up a business
 - o operating (running) costs – the costs incurred in the day-to-day running of a business
- understand, define and identify the differences between fixed and variable costs, direct and indirect costs, total costs
- calculate total costs (formula will not be given in the assessment)

Topic A.2 Understand how businesses make a profit

Learners should:

- understand and identify how businesses make money (generate revenue) – from selling their products or services
- identify sources of revenue for a business
- calculate revenue (formula will not be given in the assessment)
- describe how businesses have to spend money (expenditure) in order to succeed
- identify types of expenditure (including overheads) businesses may have
- understand that expenditure is anything a business pays out and overheads are the everyday running costs of a business
- understand that businesses must know how much money is coming in (revenue) and going out (expenditure), before they can work out whether the business has:
 - made a profit
 - made a loss
- define:
 - profit – revenue is more than expenditure
 - loss – expenditure is more than revenue
- calculate profit (formula will not be given in the assessment)

Learning aim B: Understand how businesses plan for success

Topic B.1 Understand the planning tools businesses use to predict when they will start making a profit

Learners should:

- define breakeven – when a business has made enough money through product sales to cover the cost of making the product (no profit and no loss)
- be able to interpret from a break-even chart:
 - break-even point
 - profit
 - loss
 - variable costs
 - fixed costs
 - total revenue
 - total costs
 - margin of safety
- calculate the breakeven (formula will be given in the assessment)
- analyse and explain the value and importance of breakeven analysis to businesses when planning for success
- analyse and explain the associated risks to businesses of not completing a breakeven analysis
- present given information graphically on a break-even chart
- analyse the effect on the break-even point if sales or (fixed and variable) costs change, and explain the impact of these changes on the business

Topic B.2 Understand the tools businesses use to plan for success

Budgeting – learners should understand:

- the purpose of budgeting in setting expenditure and revenue budgets
- the difference between budgeting and budgetary control (checking performance against plan)

Cash flow forecasting – learners should:

- know the purpose of a cash flow forecast – to identify the money that should be

coming into a business (inflows) and the money going out of the business (outflows) over a period of time

- be able to identify inflows and outflows
- explain the purpose of a cash flow forecast, including that it identifies the flow of cash through a business over a period of time
- understand the sources of cash coming into the business (inflows)
- understand the sources and destination of cash leaving the business (outflows)
- identify the impact of timings of inflows and outflows

understand the benefits of using a cash flow forecast to plan for success in a business (e.g. to produce new goods/services, invest in new resources, expand/reduce activities) and explain the associated risks to businesses of not completing a cash flow forecast

- complete a cash flow forecast from given information, showing individual and total inflows, individual and total outflows, net inflows and outflows, and opening and closing balances
- analyse a business' finances based on cash flow information and identify possible issues for the business from any cash surplus or deficit

Learning aim C: Understand how businesses measure success and identify areas for improvement

Topic C.1 Understand how businesses measure success

Making a profit – learners should:

- define cost of sales – the cost of producing a product
- define gross profit – the money made from selling a product (revenue) after the cost of producing the product (cost of sales) has been deducted
- calculate gross profit (formula will not be given in the assessment)
- explain the impact of positive and negative gross profit on businesses
- define net profit – the money made from selling a product after all costs (expenditure) have been deducted (formula will not be given in the assessment)
- calculate net profit
- explain the impact of positive and negative net profit on businesses

Measuring success by looking at financial statements – learners should:

- understand what financial statements are – documents that record the financial activities of a business, sometimes required by law, including income statement (profit and loss account) and statement of financial position (balance sheet)

Income statement (profit and loss account) – learners should:

- identify the purpose of an income statement (profit and loss account) – to show how the business performed financially over a period of time (usually one year)
- complete an income statement (profit and loss account) from given figures, including:

- o trading account (top section of the income statement) – includes figures for revenue (turnover) and cost of sales and calculates the amount of gross profit
- o expenses/overheads (bottom section of the income statement)
- o calculating net profit

continued

net profit = gross profit – expenditure

gross profit = revenue – cost of sales

Statement of financial position (balance sheet) – learners should:

- identify the purpose of a statement of financial position (balance sheet) – to show the financial position of a business at a point in time

- understand the format of a statement of financial position (balance sheet)
- categorise total assets and liabilities using a statement of financial position (balance sheet)
- understand that a statement of financial position (balance sheet) shows at a point in time:
 - how a business is funded (capital)
 - how a business is using these funds (net assets)
- complete a statement of financial position (balance sheet) with given figures for a small business (such as a sole trader or partnership), identifying:
 - net assets – what the business owns, or is owed (debtors/trade receivables), including fixed assets and short-term assets
 - liabilities – what the business owes to others (creditors/trade payables), including current liabilities and long-term liabilities
 - capital – how the business is funded (money invested in the business to generate revenue) from:
 - internal sources – money from shareholders (share capital) or retained profits
 - external sources – bank loans or other forms of finance that have to be repaid
 - working capital – the amount of capital used to run day-to-day activities (current assets minus current liabilities): if this figure is negative, the business may have problems financing its day-to-day activities

Topic C.2 Understand how businesses can be more successful

Learners should:

- identify ways in which a business can increase profits
- analyse financial statements for a small business (such as a sole trader or partnership) and suggest appropriate actions the business can take to succeed

Unit 3: Promoting a Brand

Unit 3 is an optional unit internally assessed

In this unit:

- A explore the use of branding and the promotional mix in business
- B develop and promote a brand for a business.

Learning aim A: Explore the use of branding and the promotional mix in business

Topic A.1 The importance of branding to businesses

- What a brand is, e.g. a strategy, perception of a customer, a logo, a legal instrument, a company, a personality, a vision, an identity, an image
- Why businesses use branding
- Types of branding used by businesses
- Adding value
- Benefits of successful branding, e.g. image, quality, recognition, long-lasting perceptions, trust, marketing multiple products
- Effects of unsuccessful branding, e.g. Dasani water

Topic A.2 Promotion in businesses

- Why businesses need to promote themselves
- Activities used in the marketing mix – 4 Ps (Product, Price, Place, Promotion)

- Benefits of promotion to businesses

Topic A.3 Elements of the promotional mix and their purposes

- Advertising:
 - o definition – any paid-for space used to communicate ideas or products in the prime media
 - o purpose – to persuade and inform
 - o two basic aspects of advertising – the message (what the communication needs to say) and the medium (how to get the message across)
 - o methods, including:
 - moving image, e.g. television, cinema, DVD, video
 - print, e.g. newspapers, magazines, billboard posters, direct mail, press releases
 - ambient, e.g. bus and taxi sides, desktop items such as pens
 - digital, e.g. SMS texts, podcasts, blogs, pop-ups, banners, social networking
 - audio, e.g. radio, podcasts, public address systems
 - Sales promotion – provides incentives to customers or the distribution channel to stimulate demand for a product
 - o methods, e.g. price promotion, coupons, competitions, money refunds, loyalty incentives
 - Personal selling – involves interpersonal interactions between salespeople and individual customers for the purpose of closing a sale; can be more effective than advertising in more complex selling situations
 - o methods, e.g. face to face, by telephone, via email, through video or web conferencing
 - Public relations activities – promotion of a product, brand or business by placing information about it in the media without paying for the time or media space directly
 - o methods, e.g. exhibitions, sponsorship, press releases
 - Direct marketing – establishing an individual relationship between the business and the customer
 - o methods, e.g. direct mail (junk mail), mail order catalogues, magazines, telemarketing

Topic A.4 Promotional activities in business

- How businesses identify which customers their promotions will target, including:
 - o types of market, e.g. Business to Business (B2B), Business to Consumer (B2C)
 - o different ways of segmenting the market, e.g. by age, family status, gender, income, attitudes, lifestyle
- The use of promotional activities in business, including:
 - o setting SMART (specific, measurable, achievable, realistic and time-related) objectives
 - o selecting an appropriate promotional mix
 - o benefits of selecting an appropriate promotional mix
 - o communicating with the selected market segment using the AIDA model (Awareness/Attention, Interest, Desire, Action)

Learning aim B: Develop and promote a brand for a business

Topic B.1 Branding methods and techniques

- Effective branding methods and techniques in business, including the use of logos, straplines and celebrity endorsements
- Planning ideas for a brand for a business, including:

- o type of brand – concept or commodity
- o considerations, e.g. race, nationality, religion, children, people with disabilities, environmental
- o brand personality
- o brand objectives
- o target market

Topic B.2 Promoting a brand

- How businesses promote their brand image, e.g. use of different types of media
- Planning a promotional campaign for a business, including:
 - o promotional objectives, e.g. to raise awareness of product or service, to remind, differentiate, persuade or inform, to create market presence, to increase market share
 - o developing the most appropriate promotional mix
 - o justifying the choice of promotional mix
 - o designing promotional activities

Unit 4: Principles of Customer Service

Unit 4 is an optional Unit internally assessed

In this unit:

A understand how businesses provide customer service

B demonstrate appropriate customer service skills in different situations.

Learning aim A: Understand how businesses provide customer service

Topic A.1 The meaning of customer service

- Definition – the ways in which a business meets customer expectations to satisfy customers

Topic A.2 Different customer service roles in a business, including:

- roles dealing directly with customers, e.g. receptionist, contact centre worker, shop assistant, delivery driver
- roles that do not involve direct customer service, e.g. cleaners, gardeners, engineers

Topic A.3 The different types of customer service businesses have:

- service deliverer (the person seen by the customer as providing customer service and representing the business)
- face-to-face customer service (hotels, restaurants, leisure centres, hospitals, shops)
- remote customer service (call centres, online)
- customer service teamwork (cooperation between individuals, departments and businesses)

Topic A.4 Customer satisfaction

- What is meant by customer satisfaction, including confidence in service, value for money, repeat custom, word-of-mouth reputation, loyalty
- Different ways businesses can satisfy customers, including providing reliable products/services; providing extra services (e.g. free delivery, follow-up services); providing accuracy, reliability and speed of service; providing value for money; providing information and advice; dealing with problems

Topic A.5 Different ways that businesses can provide consistent and reliable customer service:

- through staff knowledge of the scope of job role and products and/or services
- through staff attitude and behaviour, e.g. timing, accessibility/availability
- meeting specific customer needs
- working under pressure
- confirming service meets needs and expectations
- dealing with problems

Topic A.6 The effect of good customer service on the reputation of a business, including:

- building a good reputation (quality products, value for money, consistency, reliable and trustworthy service)
- increased sales, increased profit, retention of existing customers, new customers, word-of-mouth recommendation, competitive advantage, staff job satisfaction and motivation

Topic A.7 Different ways of exceeding customer expectations by:

- providing value for money, information and advice quickly
- providing additional help and assistance, e.g. dealing promptly with problems, offering discounts, offering additional products or services, providing information on returns policy
- providing exceptional help and assistance for customers with special requirements

Topic A.8 Providing effective customer service through organisational procedures

- Ways that businesses can provide effective customer service, e.g. by monitoring customer service, following codes of practice (industry, organisational/business, professional), meeting legal and regulatory requirements and having ethical standards:
 - o ensuring that correct procedures are followed, e.g. referring to someone in authority, dealing with refunds, dealing with questions you cannot answer, treating customers equally
 - o minimising hazards and risks, including identifying where customers could be injured, informing people of dangers (e.g. signs on wet floors), complying with fire regulations (e.g. exits signed, location of fire extinguishers, fire practice, evacuation procedure, meeting points), knowing how to deal with security alerts (e.g. taking messages, evacuation procedure, meeting points)
- The purpose of organisational procedures that contribute to consistent and reliable customer service:
 - o meeting or exceeding the customer service offered by rival businesses, thereby gaining a competitive edge
 - o ensuring company mission/vision statements are followed
 - o ensuring external quality benchmarks are met

Topic A.9 Complying with legislative and regulatory customer service requirements

- Meeting all legal and regulatory requirements, including sale of goods, health and safety, data protection and equal opportunities

Learning aim B: Demonstrate appropriate customer service skills in different situations

Topic B.1 Customers

- Types of customer, including:
 - internal, e.g. managers, colleagues in own team or other departments, supervisors, staff
 - external, e.g. existing and new customers, individuals, groups, members of the public, business-to-business
 - customers with special requirements, e.g. non-English speaking, different ages, different cultures, gender, families, customers with special needs, e.g. visual, hearing, mobility
- Differences between internal customers and external customers
- Factors that impact on different customer service expectations, e.g. those relating to age, culture, image of the business, public image of the owner, disposable income

Topic B.2 Skills required to deliver consistent and reliable customer service, including:

- being professional and creating a good impression, e.g. good manners, appropriate dress, using appropriate language, good posture/body language, tidy work area
- having a positive attitude, e.g. good timekeeping, being conscientious, being motivated
- effective communication with customers, including:
 - verbal – appropriate greeting, speaking clearly, tone of voice, volume, speaking to people who do not have English as a first language
 - non-verbal – smiling, making eye contact, looking at the customer, open body language, facial expression
- completing communication with the customer, e.g. thanking the customer, appropriate tone of voice, positive body language, appropriate form of address, use of the customer's name, offering further assistance, confirmation of service

Topic B.3 Developing customer service skills, including:

- different situations, e.g. face-to-face, telephone, writing, email
- ways of dealing with customer queries, including being polite, showing empathy with the customer, keeping customers informed, not disagreeing, using appropriate body language
- ways of dealing with customer problems and complaints, e.g. by offering alternatives or exchanging products, escalating issues to management
- customer types, e.g. difficult, abusive, people with disabilities, elderly, those needing technical information
- different situations, e.g. providing information about products and/or services, promoting additional products and/or services, giving advice, taking and relaying messages
- other customer service skills, e.g. keeping records, dealing with problems, handling complaints, remedial measures, emergency situations
- complying with organisational/business policy, e.g. complaints procedure, disclaimers, service specification statements

Topic B.4 Limits of authority

- Limits of own authority when dealing with customer queries and the role of supervisors and management, including:
 - service deliverer – limited authority on amounts to refund, limited authority to

offer free products, need to check with line manager

o line manager/supervisor – greater authority to authorise refunds, can authorise discounts or free goods, supervising staff at lower level, ensuring policies and procedures are carried out

o management – control of branch, authorising exceptional changes to procedures and policies