

Business

What are we studying?

YEAR

Year 11

TERM 1

Component 3 of the BTEC Tech Award in Enterprise brings together two contrasting aspects of successfully setting up and running a small enterprise: the promotion of an enterprise and the effective financial management of an enterprise.

A Promotion

A1 Elements of the promotional mix and their purposes

Learners will explore the different methods of promotion used by enterprises, their suitability for different sizes of enterprise, including the factors they consider when choosing the most appropriate.

The use of advertising to persuade and inform.

- The two basic aspects of advertising are:
 - the message: what the communication needs to say
 - the medium: how to get the message across.
- Advertising methods: moving image, print, ambient, digital, audio.
- Sales promotion: providing incentives to customers.
- Methods: coupons, competitions, money off, loyalty incentives, 'buy one get one free', discounts.
- Personal selling: face-to-face, by telephone, via email, through video or web conferencing.
- Public relations activities: promoting a produce/service, brand or enterprise by placing information about it in the media without paying for the time or media space directly:
 - methods: exhibitions, sponsorship, press releases.
- Direct marketing to establish an individual relationship between the enterprise and the customer:
 - methods: direct mail (junk mail), mail order catalogues, magazines, telemarketing.

A2 Targeting and segmenting the market

Learners will consider why an enterprise targets its market, and the impact this has on promotion.

- Types of market: Business to Business (B2B), Business to Consumer (B2C).
- Segmenting the market to identify which customers its promotions will target through:
 - demographics: age, race, religion, gender, family size, ethnicity, income, education level, socio-economic group
 - geographic: location
 - psychographic: social class, attitudes, lifestyle and personality characteristics
 - behavioural: spending, consumption, usage, loyalty status and desired benefits.

A3 Factors influencing the choice of promotional methods

Learners will consider the factors affecting the choice of promotional method for an enterprise.

- Size of enterprise.
- Budgetary constraints.
- Appropriateness for product/service.
- Target market.

TERM 2

B Financial records

Learners will complete, interpret and check the information on financial documents and statements.

B1 Financial documents

- Types: invoices, delivery notes, purchase orders, credit notes, receipts, statement of account.
- Importance to a business of accuracy when these documents are being used.

B2 Payment methods

- Payment methods: cash, credit cards, debit cards, direct debit, payment technologies.

- Impact on customers and enterprises of using different methods.

B3 Sources of revenue and costs

- Income from sales and from assets.
- Start-up costs and running costs.

B4 Terminology in financial statements

- Turnover (net sales) and cost of sales (cost of goods sold).
- Gross profit, expenses, net profit, retained profit.
- Fixed assets and current assets.
- Current liabilities and long-term liabilities.
- Debtors and creditors.
- Net current assets.
- Capital.

B5 Statement of comprehensive income

Learners will complete and interpret a statement of comprehensive income using given figures, and suggest appropriate actions.

- Statement of comprehensive income: shows the profit or loss of an enterprise over time.
- Calculate profit/loss using a simple statement of comprehensive income.

B6 Statement of financial position

Learners will complete and interpret a statement of financial position using given figures, and suggest appropriate actions.

- Statement of financial position: shows the financial performance of an enterprise at a point in time.
- Categorise total assets and liabilities using a statement of financial position.

B7 Profitability and liquidity

Learners will interpret statements of comprehensive income and of financial position to calculate ratios.

- The difference between cash and profit.
- The difference between liquidity and profitability.
- Calculate profitability ratios from given formulae:
 - gross profit margin percentage (GPM): $(\text{gross profit}/\text{revenue}) \times 100$
 - net profit margin percentage (NPM): $(\text{net profit}/\text{revenue}) \times 100$.
- Calculate liquidity ratios from given formulae:
 - current ratio: $\text{current assets}/\text{current liabilities}$
 - liquid capital ratio: $(\text{current assets} - \text{inventory})/\text{current liabilities}$.

TERM 3

C Financial planning and forecasting

Learners will complete cash flow forecasts, and investigate the effects of positive and negative cash

flow on an enterprise.

C1 Using cash flow data

- Cash – liquid assets of the business; bank balance plus cash in the business.
- Cash flow – difference between the cash flowing into the business (inflows) and the cash flowing out of the business (outflows), positive and negative liquidity.
- Difference between sales and purchases.
- Cash flow statement: the cash inflows and the cash outflows over the past 12 months.
- Cash flow forecast: outlines the forecasted future cash inflows (from sales) and the outflows (such as raw materials, wages) per month over a period of time.

C2 Financial forecasting

- Purpose of a cash flow forecast:
 - to identify money coming in (inflows) and going out (outflows) of the enterprise over time
 - to determine net current asset requirements and make business decisions.
- Inflows: sales, capital introduced, loans.
- Outflows: purchases, running costs.

C3 Suggesting improvements to cash flow problems

- Analysis of cash flow information – considering changes in inflows and outflows over a period and how this affects the enterprise, considering differences between predicted and actual cash flow.
- Cash flow problems – not having enough cash to pay employees and suppliers.
- Impact of timings of inflows and outflows, and suggested solutions to problems:
 - increasing revenue

- selling off unused assets
- selling off inventory
- chasing debtors for monies owed
- cutting costs
- delaying payment to suppliers
- reducing credit period offered to customers
- cutting back or delaying expansion plans.

C4 Break-even analysis and break-even point

- Learners will construct and interpret a break-even chart, and recognise its limitations.
- Costs: variable costs, fixed costs, total costs.
- Sales: total revenue.
- Margin of safety.
- Break-even = fixed costs/(selling price per unit – variable cost per unit).
- Break-even point.
- The value and importance of break-even analysis to enterprises when planning.
- Limitations of break-even analysis.

C5 Sources of business finance

- Learners will consider why enterprises may plan different sources of finance for different purposes or at different stages and the relevance of each source.
- Sources of finance:
 - owner funds
 - retained profits
 - loans
 - credit cards
 - government grants
 - hire purchase and leasing
 - trade credit
 - venture capital
 - peer-to-peer lending.
- Advantages and disadvantages of each source.

TERM 4

Qualification	Pearson BTEC Level 1/Level 2 Tech Award in Enterprise
Component number and title	2: Planning for and Pitching an Enterprise Activity
Learning aim	A: Explore ideas and plan for a micro-enterprise activity
Assignment title	Planning a Micro-Enterprise Activity

A1 Generating ideas for a micro-enterprise activity

Learners will use their experience from exploring enterprises to independently generate ideas and choose one idea for a realistic micro-enterprise.

- Ideas could involve:
 - innovation of products/services
 - provision of products/services in new contexts
 - provision of products/services to new markets.
- Factors to be considered when selecting final idea, e.g.:
 - resources available
 - financial forecasts
 - costing and pricing
 - methods of communication and promotion
 - potential customers.
- A skills audit by learners, to consider:
 - leadership, personal and communication skills required
 - technical and practical skills required.

A2 Plan for a micro-enterprise activity

Learners will draw on their exploration of enterprises to draw up an implementation plan for their chosen idea, to include:

- Aims of the micro-enterprise:

- financial aims, e.g. to make a profit, to break-even
- non-financial aims, e.g. customer satisfaction, social aims such as meeting a need in the community.
- Product or service to be sold, including:
 - features, benefits and unique selling points
 - selling price
 - cost
 - competitors.
- Identifying the target market:
 - market segment
 - appeal to target market
 - how product or service will reach market, e.g. selling direct, online or both
 - establishing and sustaining sales to the target customers.
- Methods of communication with the customer:
 - selection of methods, e.g. advertising, use of social media
 - cost effectiveness
 - design of promotional materials, i.e. appropriate content (accuracy, completeness and clarity of information/message) and appropriate appearance (e.g. use of colour, visual features, images, logos, text).

TERM 4

Qualification	Pearson BTEC Level 1/Level 2 Tech Award in Enterprise
Component number and title	2: Planning for and Pitching an Enterprise Activity
Learning aim	B: Pitch a micro-enterprise activity
Assignment title	Pitching to Potential Investors

Learning aim B: Pitch a micro-enterprise activity

Learners will demonstrate own skills by pitching an individual summary of the final plan to an audience.

B1 Pitching a micro-enterprise activity

- Pitching: presenting key elements of a business plan logically.

B2 Presenting a business pitch

- Presentation skills:
 - professional behaviour and conduct of presenter
 - positive attitude
 - well-rehearsed and prepared
 - considerate of the needs and interests of the audience
 - use of visual aids, e.g. computer projection/slideshow with speaker notes, handouts for audience, clarity and legibility of text, impact of graphics and images.
- Communication skills:
 - body language, gestures and eye contact
 - language and tone, pace, volume and projection
 - use of business terminology
 - listening, handling questions and formulating appropriate responses.

TERM 5

Qualification	Pearson BTEC Level 1/Level 2 Tech Award in Enterprise
Component number and title	1: Exploring Enterprises
Learning aim(s)	<p>A: Examine the characteristics of enterprises</p> <p>B: Explore how market research helps enterprises meet customer needs and understand competitor behaviour</p> <p>C: Investigate the factors that contribute to the success of an</p>

	enterprise
Assignment title	Enterprises: Success or failure?

Learning aim C: Investigate the factors that contribute to the success of an enterprise

Learners will investigate why enterprises are successful, looking at the impact of factors both inside and outside the control of the enterprise, and investigate ways in which SWOT and PEST analysis can be used to support decision making.

C1 Internal factors

- Factors within the control of the enterprise that can impact positively or negatively on costs, to include:
 - understanding the market – who the competition is, what customers want
 - keeping customers satisfied – the ability to meet customer needs better than its competitors on quality, price, features, customer service, availability, convenience
 - effective planning and financing
 - marketing and promoting the enterprise
 - unforeseen human resources costs, e.g. staff illness.

C2 External factors

- Factors outside the control of the enterprise that can impact positively or negatively on costs, to include:
 - changes in the cost of energy, raw materials, borrowing, premises
 - changes in costs of marketing or selling
 - governmental changes – new regulations, changes in taxation.
- Factors outside the control of the enterprise that can impact positively or negatively on revenues, to include:
 - competitors – new competitors, changes made by existing competitors
 - consumer confidence in the economy – growth/recession, level of employment
 - changing consumer behaviour – social trends, taste
 - changes in consumer legislation, sales and labelling of products the misuse of information.

C3 Situational analysis

- Using situational analysis to identify how internal and external factors might affect an enterprise, to include:
 - SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis – draws together everything that could affect the success of an enterprise, including competitive advantage and disadvantage, usually presented in the form of a table with bulleted points
 - PEST (Political, Economic, Social and Technological) analysis – identifies all political, economical, social and technological factors that might affect an enterprise, usually presented in the form of a table with bulleted points.

C4 Measuring the success of an SME

- Measures of success of SMEs – how far they meet business aims – surviving, breaking even, making a profit, meeting customer needs.
- Reasons for the success of SMEs:
 - skills, hard work, determination, resilience and the ability of the entrepreneur
 - ability to develop/motivate/train employees
 - level of customer service/satisfaction and the ability to meet customer needs
 - years of experience operating in this or similar markets.
- Methods of measuring success, e.g.:
 - surviving
 - making a living
 - sales volume/value
 - market share
 - profit
 - customer satisfaction/reputation.