



# **Standard Grade Business Management**

## **Guidance Document**

## **Standard Grade Business Management – Guidance Document**

The enclosed is a Guidance document for Standard Grade Arrangements in Business Management. This document complements the Arrangements for Standard Grade Business Management, and should be used in conjunction with the Arrangements Document.

This guidance elaborates on the grids on pages 19, 21, 23 and 25 of the Arrangements Document.

## **Standard Grade Business Management**

### **Areas of Study – Course Content**

## Area of Study 1: What is business?

		Course Content		
		Foundation Level	General Level	Credit Level
1 1	What do Businesses do?	<p><b>Goods and services</b></p> <ul style="list-style-type: none"> <li>Identify goods and services</li> <li>Understand the difference between goods and services</li> </ul> <p><b>Difference between small &amp; large businesses</b></p> <ul style="list-style-type: none"> <li>Identify a sole trader, partnership, a ltd company, plc and a government organisation</li> <li>Identify the different aims of organisations</li> <li>Identify the features of a small, medium and large businesses <i>eg sales, number of employees, number of outlets etc</i></li> </ul> <p><b>Charities</b></p> <ul style="list-style-type: none"> <li>Identify and briefly describe charities</li> <li>Briefly describe the aims of a charity</li> </ul>	<p><b>Range of goods and services</b></p> <ul style="list-style-type: none"> <li>Describe the range of goods and services available</li> <li>Difference between durable and non-durable</li> </ul> <p><b>Private, public, government, voluntary sectors</b></p> <ul style="list-style-type: none"> <li>Describe the main features including advantages and disadvantages of a sole trader, partnership, ltd company, plc and government organisation</li> <li>Describe the main features of a charity</li> <li>Describe the features of private, public (<i>local, central, public corporation</i>) government and voluntary sectors in the economy</li> <li>Appreciate different business markets <i>ie local, national, multi-national/global</i></li> </ul> <p><b>Primary, secondary, tertiary business sectors</b></p> <ul style="list-style-type: none"> <li>Identify the features of primary, secondary and tertiary sectors of industry</li> <li>Classify businesses into the appropriate sector of the economy or industry</li> </ul>	<p><b>Satisfaction of wants</b></p> <ul style="list-style-type: none"> <li>Distinguish between needs and wants</li> <li>Explain how consumer needs and wants are satisfied</li> </ul> <p><b>Productions and consumption</b></p> <ul style="list-style-type: none"> <li>Describe and explain production and consumption</li> </ul> <p><b>Creating wealth</b></p> <ul style="list-style-type: none"> <li>Describe and explain how wealth is created including value added</li> </ul>

		<b>Course Content</b>		
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<b>1 2</b>	<b>Why do businesses exist?</b>	<p><b>Enterprise</b></p> <ul style="list-style-type: none"> <li>Briefly describe the role of enterprise</li> </ul> <p><b>Profit</b></p> <ul style="list-style-type: none"> <li>Briefly describe what profit is and how it is calculated ie sales less costs</li> </ul> <p><b>Charity</b></p> <ul style="list-style-type: none"> <li>Identify charities</li> <li>Briefly describe what a charity does</li> </ul> <p><b>Public service</b></p> <ul style="list-style-type: none"> <li>Identify public services</li> <li>Briefly describe what a public service does</li> </ul>	<p><b>Concept of entrepreneur</b></p> <ul style="list-style-type: none"> <li>Describe and explain what an entrepreneur is and what they do</li> <li>Identify the qualities and skills of an entrepreneur</li> </ul> <p><b>Aims of business (relative to different types of organisation) and stakeholders</b></p> <ul style="list-style-type: none"> <li>Identify the aims of business organisations outlined in 1.1</li> <li>Suggest aims for different types of organisations</li> <li>Define the term stakeholder</li> <li>Suggest different stakeholders for the business organisations outlined in 1.1</li> </ul>	<p><b>Risk taking</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain the concept of risk in an <i>organisation eg personal risk, lack of demand, failure to cover costs, etc</i></li> <li>Identify, describe and explain why entrepreneurs are prepared to take risks eg to earn profit, self-satisfaction, etc</li> </ul> <p><b>Social costs and benefits</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain social costs and benefits <i>eg pollution or better roads etc</i></li> </ul> <p><b>Economic costs and benefits</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain economic costs and benefits eg increased community taxes or greater spending as a result of increased income from jobs etc</li> </ul>

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<b>13</b>	<b>How are businesses organised?</b>	<p><b>Simple organisation structures</b></p> <ul style="list-style-type: none"> <li>▪ Briefly describe what an organisation chart is</li> <li>▪ Complete a simple organisation structure</li> <li>▪ Identify simple relationships on an organisation chart</li> </ul> <p><b>4 functional areas</b></p> <ul style="list-style-type: none"> <li>▪ Identify the areas of Marketing, Finance, Operations and Human Resources</li> <li>▪ Briefly describe the main activities of the 4 functional areas</li> </ul>	<p><b>Different organisation structures</b></p> <ul style="list-style-type: none"> <li>▪ Describe tall and flat structures</li> <li>▪ Identify the advantages of tall and flat structures</li> </ul> <p><b>Impact of size on structure</b></p> <ul style="list-style-type: none"> <li>▪ Describe how the size of an organisation can affect the structure</li> <li>▪ Describe and explain why restructuring may take place in an organisation</li> </ul> <p><b>Line relationships</b></p> <ul style="list-style-type: none"> <li>▪ Identify and describe chain of command and line relationships giving examples</li> </ul>	<p><b>Span of control</b></p> <ul style="list-style-type: none"> <li>▪ Describe and explain the span of control in an organisation</li> <li>▪ Discuss the advantages and disadvantages of different spans of control in an organisation</li> </ul> <p><b>Functional relationships</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain functional relationships within an organisation</li> <li>▪ Describe the way in which functional departments work together eg to set price</li> <li>▪ Describe the way in which individual functional departments support the work of the organisation</li> </ul> <p><b>Difference between authority and responsibility</b></p> <ul style="list-style-type: none"> <li>▪ Explain the difference between authority and responsibility</li> </ul>

## Area of Study 2: How do businesses develop and preform?

		<b>Course Content</b>		
		<b>Foundation Level</b>	<b>General Level</b>	<b>Credit Level</b>
<b>2 1</b>	<b>How do businesses Start?</b>	<p><b>Need for enterprise</b></p> <ul style="list-style-type: none"> <li>▪ Identify why people start a business</li> <li>▪ Understand the role of enterprise</li> </ul> <p><b>Identify needs</b></p> <ul style="list-style-type: none"> <li>▪ Understand and identify needs and wants of consumers using market research</li> </ul> <p><b>Buyers and sellers</b></p> <ul style="list-style-type: none"> <li>▪ Identify buyers and sellers</li> </ul> <p><b>Help – where to get it</b></p> <ul style="list-style-type: none"> <li>▪ Identify where help is available from, eg, local council, bank manager, family and friends</li> </ul> <p><b>Taking risks</b></p> <ul style="list-style-type: none"> <li>▪ Understand basic risks involved, eg, business failing, losing money</li> </ul> <p><b>Completing a simple business plan</b></p> <ul style="list-style-type: none"> <li>▪ Complete a simple business plan</li> <li>▪ Understand the main sections of business plan eg</li> <li>▪ General details</li> <li>▪ Human resources</li> <li>▪ The product or service</li> <li>▪ The market</li> <li>▪ Premises and Equipment</li> <li>▪ Financial information</li> </ul>	<p><b>The marketplace</b></p> <ul style="list-style-type: none"> <li>▪ Identify a variety of market places, eg, outdoor market, high street, mail order, website</li> <li>▪ Appreciate the benefits of market research</li> <li>▪ Identify different market segments</li> <li>▪ Identify and describe market research, desk and field.</li> </ul> <p><b>External information and advice</b></p> <ul style="list-style-type: none"> <li>▪ Describe sources of external help and advice available, eg, government agencies and development agencies</li> </ul> <p><b>Identifying risk</b></p> <ul style="list-style-type: none"> <li>▪ Methods of identifying risk, eg, market research, break-even, budgeting</li> </ul> <p><b>Characteristics of factors of production</b></p> <ul style="list-style-type: none"> <li>▪ Identify the four factors of production, ie, land, labour, capital, enterprise (see also 3.4 F level)</li> </ul> <p><b>Preparing a simple business plan</b></p> <ul style="list-style-type: none"> <li>▪ Prepare a business plan</li> </ul>	<p><b>Researching the market</b></p> <ul style="list-style-type: none"> <li>▪ Explain the types of market research</li> <li>▪ Evaluate the effectiveness of the types of market research within different market segments</li> </ul> <p><b>Calculating risk</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and calculate risk, creating a prototype, preparing a business plan to avoid risks</li> </ul> <p><b>Detailed business plan</b></p> <ul style="list-style-type: none"> <li>▪ Prepare a detailed business plan</li> <li>▪ Identify and explain the main sections of a detailed business plan</li> </ul>

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<b>2 2</b>	<b>How do businesses grow?</b>	<p><b>Successful product/service</b></p> <ul style="list-style-type: none"> <li>Recognise basic reasons for businesses remaining small</li> <li>Understand firms can grow internally and externally</li> </ul> <p><b>Expand sales</b></p> <ul style="list-style-type: none"> <li>Identify what makes products/services successful</li> <li>Understand consequences of successful product/service, ie, expanded sales</li> </ul> <p><b>Takeovers/mergers</b></p> <ul style="list-style-type: none"> <li>Briefly describe and give reasons for mergers and takeovers</li> <li>Identify advantages of takeovers and mergers</li> </ul>	<p><b>Diversification</b></p> <ul style="list-style-type: none"> <li>Define term diversification</li> <li>Identify advantages of diversification</li> </ul> <p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>Describe concept of innovation</li> </ul> <p><b>Horizontal &amp; vertical integration</b></p> <ul style="list-style-type: none"> <li>Describe and give examples of horizontal integration</li> <li>Describe and give examples vertical integration, ie, forwards and backwards</li> </ul>	<p><b>Research &amp; development</b></p> <ul style="list-style-type: none"> <li>Describe the stages involved in product development</li> <li>Describe and explain the product life cycle (including a diagram)</li> <li>Explain the difference between product led and market led businesses</li> </ul> <p><b>Reasons for growth</b></p> <ul style="list-style-type: none"> <li>Explain internal economies of scale, ie, technological, financial, managerial and marketing</li> <li>Explain external economies of scale, ie, infrastructure and effects for the wider community</li> <li>Describe diseconomies of scale</li> </ul>
<b>2 3</b>	<b>How do businesses survive?</b>	<p><b>Need to plan</b></p> <ul style="list-style-type: none"> <li>Understand why businesses plan</li> </ul> <p><b>Saleable products/services</b></p> <ul style="list-style-type: none"> <li>Understand importance of demand for goods and services</li> </ul> <p><b>Covering costs</b></p> <ul style="list-style-type: none"> <li>Understand why business need to cover costs – concept of profit</li> </ul>	<p><b>Planning and controlling</b></p> <ul style="list-style-type: none"> <li>Describe the importance of planning and control to reduce risk</li> <li>Identify fixed and variable costs and the break-even point</li> </ul> <p><b>Awareness of budgeting and cash flow</b></p> <ul style="list-style-type: none"> <li>Describe the importance of budgeting and cash flow in reducing risk</li> <li>Complete simple cash budget</li> <li>Suggest ways of overcoming cash flow problems</li> </ul>	<p><b>Market Research</b></p> <ul style="list-style-type: none"> <li>Explain the role played by market research in planing</li> </ul> <p><b>Evaluation and comparison using final accounts and ratios</b></p> <ul style="list-style-type: none"> <li>Evaluation and comparison of business using final accounts and ratios</li> <li>Evaluation and comparison between years in the same business using final accounts and ratios</li> </ul>

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<b>2 3</b>	<b>How do businesses survive? (Cont)</b>		<p><b>Using final accounts</b></p> <ul style="list-style-type: none"> <li>▪ Prepare a simple Trading Profit &amp; Loss account</li> <li>▪ Prepare a simple balance sheet</li> <li>▪ Using final accounts to make decisions</li> </ul> <p><b>Calculating and interpreting simple ratios</b></p> <ul style="list-style-type: none"> <li>▪ Calculate and interpret the following ratios:</li> <li>▪ Gross profit</li> <li>▪ Net profit</li> <li>▪ Return on Capital</li> <li>▪ Rate of Stock Turnover</li> <li>▪ Working Capital</li> </ul>	

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<b>2 4</b>	<b>Why do businesses fail?</b>	<p><b>Competition too fierce</b></p> <ul style="list-style-type: none"> <li>▪ Identify reasons why businesses fail</li> <li>▪ Understand the basic effects of competition</li> </ul> <p><b>Recession</b></p> <ul style="list-style-type: none"> <li>▪ Understand the meaning of recession</li> </ul> <p><b>Cash flow problems</b></p> <ul style="list-style-type: none"> <li>▪ Identify possible effects of cash flow problems</li> </ul> <p><b>Not moving with times</b></p> <ul style="list-style-type: none"> <li>▪ Understand the necessity to a business of keeping up to date</li> </ul>	<p><b>Role of competitors</b></p> <ul style="list-style-type: none"> <li>▪ Explain the effect on a business of the action of competitors, eg, reduced prices, sales promotions, advertising, competitions, etc.</li> </ul> <p><b>Simple analysis of final accounts</b></p> <ul style="list-style-type: none"> <li>▪ Identify factors which affect levels of profit/loss</li> </ul>	<p><b>Business cycle</b></p> <ul style="list-style-type: none"> <li>▪ Explain the effect of economic recession on a business</li> </ul> <p><b>Response to change</b></p> <ul style="list-style-type: none"> <li>▪ Explain how businesses are affected by failure to respond to changes in the market</li> </ul> <p><b>Externalities</b></p> <ul style="list-style-type: none"> <li>▪ Describe how outside influences affect the operation of a business, eg, government legislation, pressure groups, etc</li> </ul> <p><b>Poor resource management</b></p> <ul style="list-style-type: none"> <li>▪ Describe and explain the consequences of poor resource management ie factors of production and financial planning</li> </ul>

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<b>2 5</b>	<b>What is a successful business?</b>	<p><b>Achieving objectives</b></p> <ul style="list-style-type: none"> <li>▪ Identify ways of measuring success, eg. profit maximisation, growth, survival, providing a service, social responsibility etc</li> </ul> <p><b>Keeping owners satisfied</b></p> <ul style="list-style-type: none"> <li>▪ Understand stakeholder role within business in terms of owners and stakeholders</li> <li>▪ Understand why businesses are answerable to stakeholders</li> </ul> <p><b>Success for business compared with charity</b></p> <ul style="list-style-type: none"> <li>▪ Understand difference in aims between private and voluntary organisation</li> </ul>	<p><b>Appreciation of differing aims of business in different sectors (public, private &amp; voluntary)</b></p> <ul style="list-style-type: none"> <li>▪ General appreciation of different aims of business in different sectors, eg <ul style="list-style-type: none"> <li>- Public - good relationship with stakeholders</li> <li>- Private – profit, high sales</li> <li>- Voluntary – cover costs</li> </ul> </li> </ul>	<p><b>Identification of competing aims of stakeholders</b></p> <ul style="list-style-type: none"> <li>▪ Identify the competing aims of the following stakeholders: <ul style="list-style-type: none"> <li>- Owners</li> <li>- Managers</li> <li>- Employees</li> <li>- Customers</li> <li>- Shareholders (existing and potential)</li> <li>- Providers of finance</li> <li>- Suppliers</li> <li>- Local community</li> <li>- Government</li> </ul> </li> </ul>

### Area of Study 3: What resources do business use?

		Course Content		
		Foundation Level	General Level	Credit Level
3 1	Why do businesses locate where they do?	<p><b>Where Businesses Locate</b></p> <ul style="list-style-type: none"> <li>Reasons why businesses locate where they do – influencing factors (eg: available raw materials, market, labour, infrastructure, competition, costs)</li> </ul> <p><b>Where the Money Comes From – owner(s); borrowing</b></p> <ul style="list-style-type: none"> <li>Sources of finance for setting up a business – owners, grants from central and local government, friends &amp; family, grants from enterprise bodies, loans from banks &amp; building societies, overdrafts.</li> </ul>	<p><b>Sources of Finance</b></p> <ul style="list-style-type: none"> <li>Describe the main advantages and disadvantages of sources of finance: internal, external; short, medium and long term. (eg Shares, Debentures, Mortgage, Loans, Overdrafts, Hire Purchase, Credit Cards, Trade Credit, Small Business Loan Guarantee Scheme, Leasing, Factoring, Grants (Government, Princes Trust, Enterprise Bodies).</li> <li>Suggest sources as appropriate to business type</li> </ul> <p><b>Factors Influencing Location – (market, resources, infrastructure)</b></p> <ul style="list-style-type: none"> <li>Identify and describe the factors that influence location decisions – ie: location of raw materials, availability of skilled labour and suitable land, distance to market (bulk reducing, bulk increasing), quality of infrastructure, costs, central and local government assistance, EU funding.</li> </ul>	<p><b>Types of Government Assistance</b></p> <ul style="list-style-type: none"> <li>Central and Local government assistance</li> <li>Identify, describe and explain how the government assists businesses to locate and the reasons why they do so.</li> <li>Identify bodies involved in process – eg Scottish Enterprise, Locate in Scotland, Local Councils and explanation of the types of assistance offered by each – (Regional Selective Assistance, Enterprise Zones and Assisted Areas).</li> </ul> <p><b>Importance of European Union</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain what the Single Market is along with advantages and disadvantages of it.</li> <li>Briefly describe what the Euro is and how it brings benefits to member countries.</li> </ul> <p><b>Globalisation</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain reasons why businesses become global.</li> <li>Identify, describe and explain advantages and disadvantages of multi-national companies</li> <li>Identify, describe and explain problems with operating on a global scale.</li> <li>Identify, describe and explain the importance of ICT in globalisation.</li> </ul>

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<b>3 2</b>	<b>How do people contribute to businesses?</b>	<p><b>Why People Work</b></p> <ul style="list-style-type: none"> <li>Suggest reasons why people choose to work – eg make money, be creative, job satisfaction, social element of work, job security.</li> </ul> <p><b>Choosing the Right Person for the Job</b></p> <ul style="list-style-type: none"> <li>Qualities required for doing a job.</li> <li>Difference between qualities and qualifications.</li> <li>Choosing the right person – steps involved (vacancy arises, prepare job advertisement advertise, read application forms, interview, select employee).</li> <li>Places to advertise job vacancies.</li> </ul> <p><b>Job Training</b></p> <ul style="list-style-type: none"> <li>Induction, On-the-job, Off-the-Job, Retraining, Upgrading, Apprenticeships.</li> </ul> <p><b>Working Hours</b></p> <ul style="list-style-type: none"> <li>Full-time, Part-time, Permanent, Temporary, Contract, Flexi-time, Job Sharing, Casual etc</li> </ul> <p><b>Types of Worker</b></p> <ul style="list-style-type: none"> <li>Skilled/Professional, Unskilled/Manual, Semi-skilled etc</li> </ul>	<p><b>Job/Person Specification</b></p> <ul style="list-style-type: none"> <li>Describe the main features, purposes and the differences between a Job Specification and a Person Specification</li> </ul> <p><b>Selection and Recruitment (internal and external)</b></p> <ul style="list-style-type: none"> <li>Describe the steps involved in recruitment from vacancy arising until employee starting.</li> <li>Selection Process</li> <li>Contracts of Employment.</li> <li>Suggest methods of Internal and External Recruitment giving advantages/disadvantages.</li> </ul>	<p><b>The Role of Appraisal</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain the role of appraisal in an organisation (formal, informal, advantages, disadvantages).</li> </ul> <p><b>Inter-relationship between employees and employers</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain the role, and purpose of Trade Unions.</li> <li>Identify, describe and explain methods of Industrial Action and advantages/disadvantages to the employer.</li> <li>Describe the role of ACAS in industrial disputes.</li> <li>Identify, and briefly describe the purpose of Legislation affecting employment rights – eg: Equal Pay Act, Health and Safety at Work Act, Sex Discrimination Act, Race Relations Act, Employment Acts, Minimum Wage Act.</li> <li>Identify, describe and explain Team Working, Quality Circles and Works Councils.</li> </ul> <p><b>Changing Patterns of Employment</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain reasons for moves towards new working practices and industries – eg decline of manufacturing, increase of service sector.</li> </ul>

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<b>3 2</b>	<b>How do people contribute to businesses? (Cont)</b>			<ul style="list-style-type: none"> <li>▪ Identify, describe and explain methods of flexible working practices, advantages and disadvantages – flexitime, home working, teleworking, core staff, casual staff, job sharing.</li> <li>▪ Identify, describe and explain the role of ICT in changing employment patterns (eg: homeworking, teleworking, video conferencing etc).</li> </ul>
<b>3 3</b>	<b>How do Businesses use information?</b>	<p><b>What Information is and where it comes from</b></p> <ul style="list-style-type: none"> <li>▪ Suggest types of information available to businesses – written, numerical, verbal, graphical/pictorial.</li> </ul> <p><b>Using Computers to Generate Information</b></p> <ul style="list-style-type: none"> <li>▪ Suggest business uses for a variety of ICT software packages eg word processing, spreadsheet, database, desktop publishing, graphics software, internet website, e-mail, presentation packages eg Powerpoint</li> <li>▪ Suggest business uses for ICT hardware equipment – fax machines, video conferencing, voice mail, answering machines, mobile telephones/text messaging, pagers, telephone, computer networks.</li> </ul> <p><b>Importance of Good Communications</b></p> <ul style="list-style-type: none"> <li>▪ Suggest problems that can arise as a result of poor communications eg accuracy and efficiency of information</li> </ul>	<p><b>Internal and External Sources of Information</b></p> <ul style="list-style-type: none"> <li>▪ Suggest and describe different types of Internal and External Information businesses gather as well as potential uses for this information.</li> </ul> <p><b>Using Computers to Generate Information and Make Decisions</b></p> <ul style="list-style-type: none"> <li>▪ Suggest and describe potential uses for the ICT software packages described at Foundation Level for the different functional areas of business.</li> <li>▪ Suggest and describe features of useful Internet websites.</li> <li>▪ Importance of making decisions based on proper information</li> </ul>	<p><b>Evaluation of Information</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain features of good information – eg: timely, accurate, relevance, cost effective, complete.</li> </ul> <p><b>Using Information to Monitor and Control Businesses</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain the communication process, methods of effective communication and barriers towards effective communication.</li> <li>▪ Identify, describe and explain ways in which managers use information to aid decision making, planning and controlling - eg: <ul style="list-style-type: none"> <li>— Using accounting information to compare performance over a period of time.</li> <li>— Using customer surveys feedback to improve quality of service/product provided.</li> <li>— Using sales records to see if targets were met and to decide what action need to be taken.</li> <li>— Using Break-even information to decide on selling prices, production levels, etc.</li> </ul> </li> </ul>

		<b>Course Content</b>		
		<b>Foundation Level</b>	<b>General Level</b>	<b>Credit Level</b>
<b>3 4</b>	<b>How do Businesses operate?</b>	<p><b>How Businesses Make Products or Provide Services (Input, Process, Output)</b></p> <ul style="list-style-type: none"> <li>▪ Identify the 3 stages in production process – Input, Process, Output.</li> <li>▪ Identify the 4 factors of production</li> <li>▪ Identify the features of good suppliers</li> <li>▪ Briefly describe how products or services can be improved</li> </ul> <p><b>How Do Products Get to Consumers?</b></p> <ul style="list-style-type: none"> <li>▪ Suggest methods by which businesses can sell their product/service to their clients – eg retail outlet, mail order, wholesaler, internet website, door-to-door, catalogue, home delivery.</li> </ul>	<p><b>Job, Batch and Flow Processes</b></p> <ul style="list-style-type: none"> <li>▪ Suggest and describe the main features of production methods used by businesses – Job, Batch and Flow production.</li> <li>▪ Give examples of products manufactured under each process.</li> <li>▪ Give advantages and disadvantages of each type of production process.</li> </ul> <p><b>People v Machines</b></p> <ul style="list-style-type: none"> <li>▪ Explain the difference between mechanisation and automation.</li> <li>▪ Suggest advantages and disadvantages for using people and/or machinery in the production process.</li> <li>▪ Suggest effects on the workforce of introducing automation/computerisation to the production processes.</li> </ul> <p><b>Distribution Options</b></p> <ul style="list-style-type: none"> <li>▪ Suggest suitable channel of distribution for products appropriate to the good/service being supplied, eg, <ul style="list-style-type: none"> <li>- Manufacturer – Wholesaler – Retailer – Customer</li> <li>- Manufacturer – Wholesaler – Customer</li> <li>- Manufacturer – Retailer – Customer</li> <li>- Manufacturer – Customer</li> </ul> </li> </ul>	<p><b>Stock Control</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain issues surrounding the keeping of stock to allow the business to function: <ul style="list-style-type: none"> <li>— Security of Stock.</li> <li>— Stock Record Keeping – computerised and manual systems.</li> <li>— Storage Conditions/Duration.</li> </ul> </li> <li>▪ Identify, describe and explain Just-in-Time production, including advantages and disadvantages.</li> </ul> <p><b>Quality Assurance</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain reasons why producing a quality product/service is an important aim for many businesses – ie: quality of raw materials, quality of production, after-sales.</li> <li>▪ Identify, describe and explain different methods of improving the quality of output – ie: Quality Circles, Total Quality Management, Quality Control, Quality Assurance.</li> <li>▪ Describe the advantages and problems in introducing a system of quality checks.</li> </ul> <p><b>Customer Service</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain the role of Customer Service as a factor influencing buying decisions.</li> <li>▪ Identify, describe and explain the various methods of monitoring customer satisfaction with the service provided.</li> <li>▪ Describe how customer service can be improved.</li> </ul>

		<b>Course Content</b>		
		<b>Foundation Level</b>	<b>General Level</b>	<b>Credit Level</b>
<b>3 5</b>	<b>What are the challenges facing businesses?</b>	<p><b>Competition from Home and Abroad</b></p> <ul style="list-style-type: none"> <li>▪ Suggest ways in which local competitors can compete with businesses – eg better quality products, better price, better technology.</li> <li>▪ Suggest ways in which competition from abroad can affect business operation – eg lower wages/raw materials can make goods cheaper.</li> </ul>	<p><b>Limited Availability of Resources</b></p> <ul style="list-style-type: none"> <li>▪ Explain how problems with the following resources can affect the operation of businesses. <ul style="list-style-type: none"> <li>— Land</li> <li>— Labour</li> <li>— Capital</li> </ul> </li> </ul> <p><b>Internal and External Pressures</b></p> <ul style="list-style-type: none"> <li>▪ Describe how competing factors internal to the organisation can affect its success - eg: workers demands for increased pay as opposed to Finance Department seeking to cut costs.</li> <li>▪ Describe how external influences on the company can have a direct impact on its operations – eg: actions of customers, suppliers, competitors, government, banks, shareholders.</li> </ul>	<p><b>Appreciation of the Impact on Business of Current Political, Legislative, Social and Environmental Issues</b></p> <ul style="list-style-type: none"> <li>▪ Identify, describe and explain how Political, Economic, Socio-Cultural and Technological events can have an impact on the operation of business organisations. <ul style="list-style-type: none"> <li>— Describe and explain how governments can impact on businesses through economic policy, legislation and taxation.</li> <li>— Identify, describe and explain how the economy can impact on the operation of business organisations. – eg: recession, inflation.</li> <li>— Identify, describe and explain how Socio-cultural events can impact on the operation of business organisations – eg: changes in working practices, healthier lifestyles.</li> <li>— Identify, describe and explain how advances in technology can impact on the operation of business organisations eg: e-commerce.</li> </ul> </li> </ul>

#### Area of Study 4: How are businesses managed?

		<b>Course Content</b>		
		<b>Foundation Level</b>	<b>General Level</b>	<b>Credit Level</b>
<b>4 1</b>	<b>What are the key decisions that businesses make?</b>	<p><b>What to produce</b></p> <ul style="list-style-type: none"> <li>Identify different market research methods used to identify a gap in the market.</li> <li>Identify the 4 elements of the marketing mix</li> <li>Identify different methods of promotion (advertising, sales promotion)</li> </ul> <p><b>What to charge</b></p> <ul style="list-style-type: none"> <li>Identify factors which determine price eg competitors prices, business costs, consumer demand</li> <li>Identify what happens to sales if                             <ol style="list-style-type: none"> <li>you increase price</li> <li>you decrease price</li> </ol> </li> </ul> <p><b>Who to employ</b></p> <ul style="list-style-type: none"> <li>Briefly describe factors affecting employment eg skills, qualifications, funds available</li> </ul> <p><b>Where to produce</b></p> <ul style="list-style-type: none"> <li>Identify the factors influencing location decisions (see 3.1)</li> </ul>	<p><b>Market Research</b></p> <ul style="list-style-type: none"> <li>Identify the purpose of market research</li> <li>Describe the advantages and disadvantages of different methods of market research</li> </ul> <p><b>Relationship between price and sales</b></p> <ul style="list-style-type: none"> <li>Describe how different pricing strategies will affect the demand for a product eg cost plus, penetration, skimming, destroyer</li> <li>Describe each element of the marketing mix</li> <li>Describe different methods of promotion available to businesses</li> <li>Identify common brands and explain their effects on sales</li> <li>Describe the effect of sales promotions on consumer demand</li> </ul> <p><b>People V Machines</b></p> <ul style="list-style-type: none"> <li>Advantages and disadvantages of both labour and capital intensive production- giving examples of each</li> <li>Identify areas (industries) where products and services can be improved through technology</li> </ul> <p><b>Whether to grow</b></p> <ul style="list-style-type: none"> <li>Describe how business growth affects sales revenue and profits</li> </ul>	<p><b>Inter-relationship between components of the marketing mix</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain why and how businesses may vary the elements of the marketing mix</li> <li>Draw and explain the stages in the product life cycle</li> <li>Describe and suggest extension strategies to prolong the product life cycle</li> <li>Explain the importance of branding to a business</li> <li>Suggest and justify when to use different types of advertising and sales promotions</li> <li>Select and justify an appropriate pricing strategy to use in a given situation</li> <li>Advantages and disadvantages of different channels of distribution</li> </ul> <p><b>Combination of the Factors of Production</b></p> <ul style="list-style-type: none"> <li>Identify and describe the interdependence between the factors of production</li> </ul>

		<b>Course Content</b>		
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<b>4 2</b>	<b>What influences the decisions?</b>	<p><b>Owner/business needs</b></p> <ul style="list-style-type: none"> <li>Briefly describe why profit is important for business survival</li> <li>Briefly describe the internal factors that can affect decision making eg <ul style="list-style-type: none"> <li>— enough finance to expand, to pay bills, to buy new equipment</li> <li>— availability of skilled labour</li> </ul> </li> </ul> <p><b>Customer needs</b></p> <ul style="list-style-type: none"> <li>Briefly describe why price and quality are important to customers</li> <li>Briefly describe the importance of customers' demand to a business</li> </ul> <p><b>Competition</b></p> <ul style="list-style-type: none"> <li>Briefly describe how the actions of competitors can affect your business eg if competitor reduces prices, increases advertising etc</li> </ul>	<p><b>The Legal environment</b></p> <ul style="list-style-type: none"> <li>Identify legislation that can affect business activity and briefly describe the effect on business eg introduction of the minimum wage, competition laws, HR laws etc</li> </ul> <p><b>The Social Environment</b></p> <ul style="list-style-type: none"> <li>Identify social issues that can affect business activity and briefly describe the effect on business eg more part time workers, importance of recycling, pressure groups, green issues etc</li> </ul>	<p><b>The Economic environment</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain how factors such as inflation, unemployment and a recession can affect business activity</li> </ul> <p><b>The Political environment</b></p> <ul style="list-style-type: none"> <li>Identify, describe and explain how factors such as taxation changes, interest rate changes and European Union issues can affect business activity</li> </ul>
<b>4 3</b>	<b>What aids decision-making?</b>	<p><b>How information helps decision making</b></p> <ul style="list-style-type: none"> <li>Briefly explain why information used to make decisions must be accurate and up to date</li> <li>Identify where this information can come from eg newspapers, sales figures, profit levels etc</li> </ul> <p><b>Types of information</b></p> <ul style="list-style-type: none"> <li>Identify the 4 main types of information. (primary, secondary, internal and external)</li> </ul>	<p><b>Decision making model</b></p> <ul style="list-style-type: none"> <li>Identify and describe the stages involved in a simple decision making model</li> </ul> <p><b>Range of information used in decision making</b></p> <ul style="list-style-type: none"> <li>Describe and give examples of primary, secondary, internal and external information.</li> </ul>	<p><b>Complex decision making model</b></p> <ul style="list-style-type: none"> <li>Identify and describe the stages involved in a complex decision making model</li> <li>Identify the qualities of information required to make effective decisions</li> </ul>

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<b>4 4</b>	<b>How are decisions made?</b>	<b>Consensual v Authoritarian</b> <ul style="list-style-type: none"> <li>▪ Identify different types of leadership styles eg autocratic, democratic and laissez-faire</li> </ul>	<b>Impact of management style on motivation and morale</b> <ul style="list-style-type: none"> <li>▪ Define the 3 different leadership styles</li> <li>▪ Describe an advantage and disadvantage of each style of leadership</li> <li>▪ Describe how: <ul style="list-style-type: none"> <li>— an autocratic manager can affect employee motivation and morale</li> <li>— a democratic manager can affect employee motivation and morale</li> <li>— working in teams can affect employee motivation and morale</li> </ul> </li> </ul>	<b>Characteristics of effective management</b> <ul style="list-style-type: none"> <li>▪ Identify the qualities/characteristics of leadership/management</li> <li>▪ Identify the main roles of a manager eg planning, controlling, leading, monitoring, evaluating</li> </ul>

		<b>Course Content</b>		
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<b>4 5</b>	<b>How do businesses communicate?</b>	<p><b>Purpose of communication</b></p> <ul style="list-style-type: none"> <li>Briefly describe the purpose of communication</li> </ul> <p><b>Process/Methods of communication</b></p> <ul style="list-style-type: none"> <li>Identify the main methods of communication (ie written, oral, visual)</li> <li>Give an example of each method (eg letter, meeting, sales graph)</li> </ul> <p><b>Using ICT to communicate</b></p> <ul style="list-style-type: none"> <li>Identify the main ICT methods of communication eg internet, email, video-conferencing, fax, mobile phone, pager etc</li> <li>Briefly describe advantages and disadvantages of using ICT to communicate</li> </ul>	<p><b>Formal/informal/internal/external</b></p> <ul style="list-style-type: none"> <li>Describe formal/informal/internal and external communications</li> <li>Give an example of each type</li> </ul> <p><b>Select and use appropriate ICT</b></p> <ul style="list-style-type: none"> <li>Describe the advantages and disadvantages of ICT (WP, database, spreadsheet, graphic packages, email, internet, video-conferencing, mobile phones etc)</li> <li>Choose the most appropriate use of ICT for a given situation</li> <li>Identify problems when using ICT methods of communication eg security problems on internet websites, equipment breakdown etc</li> </ul> <p><b>Select appropriate communication methods</b></p> <ul style="list-style-type: none"> <li>Describe the advantages and disadvantages of different communication methods</li> <li>Choose the most appropriate method of communication for a given situation</li> </ul>	<p><b>Comparison and evaluation of effectiveness of different communications</b></p> <ul style="list-style-type: none"> <li>Identify, describe and justify how a mix of methods of communication may be used in a given situation eg launch of a new product</li> </ul> <p><b>Comparison and evaluation of ICT communications</b></p> <ul style="list-style-type: none"> <li>Identify, describe and justify the use of ICT communications in different contexts.</li> </ul>