

SQA Advanced Unit specification

General information

Unit title: Preparing to Start a Business (SCQF level 7)

Unit code: HR3E 47

Superclass: AE

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Version: 01

Unit purpose

This Unit is aimed at learners who may wish to start their own business, or wish to understand the process involved in the initial preparations of starting a business. The Unit enables learners to work through the main processes involved in the initial stages of starting a new business. It provides the learner with the knowledge and skills needed to start planning a business venture and construct a suitable initial business plan.

Upon successful completion of this Unit learners may wish to progress onto the SQA Advanced Unit *Preparing a Formal Business Plan* HR19 47.

Outcomes

On successful completion of the Unit the learner will be able to:

- 1 Develop an initial business plan.
- 2 Assess individual personal qualities and skills in the context of the new business venture.

Credit points and level

1 SQA Credit at SCQF level 7: (8 SCQF credit points at SCQF level 7)

Recommended entry to the Unit

Access to this Unit is at the discretion of the centre but it would be beneficial if the learner possesses good communication skills at SCQF level 5 or equivalent. Learners may have achieved the SQA Advanced Unit *Developing Entrepreneurial Skills* HR1A 47. Other skills, knowledge or experience relevant to the Unit would also be beneficial.

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes for this Unit specification.

There is no automatic certification of Core Skills or Core Skill components in this Unit.

Context for delivery

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

The Assessment Support Pack (ASP) for this Unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>).

Equality and inclusion

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

SQA Advanced Unit specification: Statement of standards

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Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Outcome 1

Develop an initial business plan.

Knowledge and/or Skills

- ◆ Business idea
- ◆ Market analysis
- ◆ Marketing the product/service
- ◆ Regulatory and legislative considerations
- ◆ Financing a new business

Outcome 2

Assess individual personal qualities and skills in the context of the new business venture.

Knowledge and/or Skills

- ◆ Individual personal qualities/skills and experience
- ◆ Assessment of existing individual personal qualities/skills relevant to the new business venture
- ◆ Assessment of additional individual personal qualities/skills that if acquired would benefit the new business venture

Evidence Requirements for this Unit

Learners will need to provide evidence to demonstrate their Knowledge and/or skills across all Outcomes by showing that they can:

Develop an initial business plan:

- 1 An initial business plan relating to an identified business idea. Specifically in the initial business plan, the learner will provide the evidence stated below.
 - a The product/service the business will provide:
 - ◆ A detailed description of the product/service being sold.
 - ◆ An accurate and credible statement of the benefits that the product/service will offer to customers.
 - ◆ A credible description of how the product/service will be regarded in the market and by customers.
 - ◆ An explanation of why customers would purchase this product/service as opposed to one provided by other businesses.

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b Market analysis:

- ◆ A marketing plan based on market research carried out by the learner.
- ◆ The plan should identify business competitors and include a SWOT analysis for two identified competitors. The results of the SWOT should be compared to the strengths and weaknesses of the learner's proposed business.
- ◆ The market research will include at least one example of primary research and two examples of secondary research used by the learner.
- ◆ As part of the primary research learners must construct a questionnaire with a minimum of five questions. From this, they will provide a statement detailing how many questionnaires were distributed and by what method, and level of response achieved.
- ◆ An estimate of market size and market trends (growth or decline) which must be substantiated with current and accurate data based on the research undertaken by the learner.
- ◆ Market research must identify a minimum of three potential customer groups and include a statement outlining why they have been chosen.
- ◆ Learners will explain how the market research has demonstrated a need for the product/service.

c How the product/service will be marketed and sold:

- ◆ The marketing plan will make reference to Product, Place, Promotion and Price. The plan will outline a minimum of three different promotional methods that will be used during the first 12 months of operation. This should be consistent with any relevant information derived from the market research. Learners will justify their chosen methods in terms of, for example, costs, time or relevant knowledge/expertise in marketing.
- ◆ A brief statement explaining the price(s) to be charged. This will be consistent with the results of the market research and take account of what customers have said they are willing to pay and what competitors charge for their product/service.
- ◆ A description of where the business will operate from and any relevant details, for example, will the business include transport and distribution or could it be subcontracted.

d Regulatory and legislative considerations

- ◆ A statement identifying the type of business, eg sole trader, partnership, limited company, co-operative or franchise.
- ◆ A statement identifying any necessary legislative and regulatory requirements that the business would need to meet. This will demonstrate that the learners have considered all the relevant areas required to ensure that they can operate legally.

e Financial analysis

- ◆ Learners will detail the start-up costs involved for the business and how the business is to be financed.
- ◆ A profit and loss forecast for the first 12 months of the business. Annual sales and the profit and loss statement will be based upon the selling price(s) of the product/service which will have been determined from the analysis of the market research.

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- ◆ The learner will comment on the profit and loss statement and make an assessment of the viability of the business venture. The assessment should conclude whether the venture is likely to be viable or unviable.
- 2 Assess individual personal qualities and skills in the context of the new business venture.

The learner will provide the evidence stated below.

- ◆ A CV outlining their personal qualities/skills and experience.
- ◆ An assessment of at least two of their existing individual personal qualities and/or skills relevant to the new business venture.
- ◆ An assessment of additional individual personal qualities and/or skills that if acquired would benefit the new business venture.

Assessment may be conducted on an ongoing basis as the Unit progresses.

SQA Advanced Unit Support Notes

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Unit Support Notes are offered as guidance and are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

The Unit is an optional Unit within the SQA Advanced Certificate/Diploma in Business and the SQA Advanced Certificate/Diploma in Administration and Information Technology Group Awards but may be delivered on a stand-alone basis or form part of other SQA Advanced Group Awards.

The Unit is intended for learners with an interest in enterprise and entrepreneurship. Successful learners have several possible progression routes open to them. They could go into self-employment to realise their business idea. However, achievement of this Unit does not in any way imply a successful Outcome for the business venture if the learner chooses to do so. Alternatively learners could move into employment through which they could gain experience relevant to their business idea that may help them become self-employed at a later stage. Another option would be to undertake further study in an area relevant to their business idea at SCQF level 7 or 8.

The delivery and assessment of this Unit may contribute to meeting parts of the Small Firms Enterprise Development Initiative (SFEDI) National Occupational Standards for Business Enterprise. SFEDI are the UK Sector Skills Organisation for Business Enterprise.

Guidance on approaches to delivery of this Unit

The Unit is designed to be learner centred in approach and aims to encourage learners to undertake research using whatever methods are available to them. Practical classroom activities including brain storming, financial examples, guest speakers and visits to existing business enterprises are all valuable approaches to encouraging learning. Learners may benefit from working in small groups for some activities but the initial business plan should be based upon the learner's own idea and should be supported by evidence to demonstrate this.

Guidance on approaches to assessment of this Unit

Evidence can be generated using different types of assessment, and there may be a number of methods that would be appropriate.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

Learners will need to meet all of the Evidence Requirements across both Outcomes 1 and 2.

Each Outcome may be assessed separately or combined and will be completed on an open-book basis.

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Learners may benefit from working in small groups for some activities but the initial business plan should be based upon the learner's own idea and should be supported by evidence to demonstrate this. Assessment is likely to be completed on an ongoing basis as the Unit progresses. Tutors should set a timetable for the submission of evidence.

Centres should take all reasonable steps to ensure the authenticity of learners' submissions. Centres could use questioning to authenticate learning and to ensure responses are learners' own work.

Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by Information and Communication Technology (ICT), such as e-testing or the use of e-portfolios or social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at www.sqa.org.uk/e-assessment.

Opportunities for developing Core and other essential skills

The delivery and assessment of this Unit may contribute towards development of the Core Skill of *Numeracy* at SCQF level 5. The component 'Using Number' may be developed because of the financial analysis required to be completed by learners. The general skill for the component (see SQA guidance document 'Core Skills Framework: An introduction', publication code 4686) is 'Apply a range of numerical skills in various everyday situations'. Learners are asked to produce a financial projection based on their own analysis of market research, including a forecast profit and loss statement for the first year of the operation of the business venture.

The delivery and assessment of this Unit may contribute towards the component 'Written Communication' of the Core Skill of *Communication* at SCQF level 5. The general skills of the component are 'read, understand and evaluate written communication' for its reading element and 'produce well-structured written communication' for its written element. Specific reading skills required by learners at SCQF level 5 include identifying and summarising significant information, ideas and supporting details in a written communication of non-fiction, and evaluation of the effectiveness of the communication in meeting its purpose; and specific writing skills include presenting all essential ideas, information and supporting detail in a logical and effective order, and use of a structure which takes account of purpose and audience, emphasising the main points.

There is a wide scope for learners to utilise these and other related specific skills within their fulfilment of the Unit's Evidence Requirements, which entail production of a business plan incorporating product/service details, market analysis, marketing plans, legislative and regulatory concerns, financial considerations. Learners will also produce a CV and an assessment of existing and desirable personal qualities/skills relevant to the new business venture.

Depending on the methods used to produce the learner's business plan, the delivery and assessment of this Unit may contribute towards the Core Skill of *Information and Communication Technology* at SCQF level 5, where the component 'Accessing Information' has the general skill, 'use ICT independently, effectively and responsibly to access information within a range of tasks'. The component 'Providing/Creating Information' has the

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general skill 'use ICT independently, effectively and responsibly to carry out a range of processing tasks'.

Specific skills required at SCQF level 5 include carrying out searches and making effective, independent and responsible use of ICT (which could be required for the financial/calculative element of the business plans), and locating and integrating data from a range of sources. Learners may opt or be required to use ICT systems and specific applications not only in drafting and editing their work, but in the earliest stages of researching and beginning to compile their business plans.

The delivery and assessment of this Unit may offer opportunities to develop the Core Skill of *Problem Solving* at SCQF level 6. The general skills required by its three components are the abilities to:

- ◆ analyse a complex situation or issue
- ◆ plan, organise and complete a complex task
- ◆ review and evaluate a complex problem solving activity

Again, there is scope for learners to utilise these skills within their production of a business plan which in its incorporation of product/service details, market analysis and planning, legislative and financial considerations, CV and assessment of personal qualities/skills, etc. both deals with complex issues, and is a complex piece of work in itself. Business plans will require strategic thinking and consideration of a number of variables in order to be viable and conclusions such as profitability etc. will need to be justified with reference to given evidence.

There are opportunities in the delivery and assessment of this Unit that may contribute to broader skills development in the areas of enterprise and employability.

History of changes to Unit

Version	Description of change	Date

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

FURTHER INFORMATION: Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

General information for learners

Unit title: Preparing to Start a Business (SCQF level 7)

This Unit is designed to help you find out what you need to know in preparing to start up your own business. It aims to provide you with the knowledge and information that will allow you to take forward a business idea and produce a practical document that will help prepare you for starting a new business venture. A good business plan aims not just to help you attract the funding you might be looking for to start up your business, but is also designed to be a useful tool to help you clarify your business purpose and communicate your business to other interested parties including future partners and employees. The plan can also help you set targets and objectives and help predict future trends, as well as allowing you to more effectively monitor your business performance.

The two Outcomes in the Unit are closely related to each other. In order to achieve this Unit you will be required to meet all of the Evidence Requirements contained in the two Outcomes within the Unit.

You will need to keep all your work together in a portfolio which may be either paper based, electronic or a combination of both. Once you have completed all assessment tasks satisfactorily you will have achieved the Unit.

During the course of this Unit there may be opportunities for you to develop Core Skills.

Undertaking the various tasks may facilitate the development of *Communication, Numeracy, Information and Communication Technology, Problem Solving and Working with Others* Core Skills. These may be developed, for example, where researching, identifying variables and making/justifying choices in order to support the business plan and its financial aspects.

This Unit will provide opportunities to develop broader skills in the areas of Enterprise and Employability.