



National Unit specification: general information

Unit title: Business Formation: Developing a Business Idea

Unit code: FJ3G 12

Superclass: AE

Publication date: March 2011

Source: Scottish Qualifications Authority

Version: 01

Summary

This Unit is designed to enable candidates to research a proposed business idea and begin the planning process for a new business. Candidates will learn about the importance of effective marketing strategies, a positive business identity, and customer care. On completion of this Unit, candidates will understand the significant impact the Internet can have as a tool for communication and research for a potential business.

This Unit will be of benefit to candidates currently studying a business-related topic, anyone considering starting a new business, or those candidates who may be re-training for employment.

Outcomes

- 1 Investigate the marketing function in relation to developing an agreed business idea.
- 2 Investigate customer profiling and strategies for managing customers.
- 3 Create a business identity and explain its importance to a business.
- 4 Investigate the marketing strategies available to a business.

Recommended entry

While entry is at the discretion of the centre, candidates would normally be expected to have attained one of the following, or equivalent:

- ◆ Establishing a Business Identity: An Introduction F5GA10 (SCQF level 4)

General information (cont)

Unit title: Business Formation: Developing a Business Idea

Credit points and level

1 National Unit credit at SCQF level 6: (6 SCQF credit points at SCQF level 6*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the support notes of this Unit specification.

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

National Unit specification: statement of standards

Unit title: Business Formation: Developing a Business Idea

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

Investigate the marketing function in relation to developing an agreed business idea.

Performance Criteria

- (a) Explain the Marketing function.
- (b) Identify and describe methods of Market Research.
- (c) Use the Internet to carry out Market Research and competition analysis for the agreed business idea.

Outcome 2

Investigate customer profiling and strategies for managing customers.

Performance Criteria

- (a) Investigate the process of customer profiling for an agreed business idea.
- (b) Explain the importance of customer care.
- (c) Identify and describe methods of ensuring high standards of customer care and how these could be implemented.
- (d) Identify and explain methods of communicating with customers and explain the costs and benefits involved.

Outcome 3

Create a business identity and explain its importance to a business.

Performance Criteria

- (a) Explain the importance of positive business identity.
- (b) Create a business identity for an agreed business idea.

Outcome 4

Investigate the marketing strategies available to a business.

Performance Criteria

- (a) Describe different methods of Marketing and their costs and benefits.
- (b) Explain the role the Internet can play as a Marketing tool.
- (c) Describe the Marketing Mix and its importance to a new business.
- (d) Investigate different strategies for using pricing as a Marketing tool.

National Unit specification: statement of standards (cont)

Unit title: Business Formation: Developing a Business Idea

Evidence Requirements for this Unit

Written and/or recorded oral evidence must be produced to demonstrate that the candidate has achieved all of the Outcomes and Performance Criteria.

Candidates will use an identified business idea of their own or an idea provided for them to generate the necessary evidence.

Candidates are required to produce a folio of evidence.

A holistic approach is recommended for assessment of this Unit.

Outcome 1

Candidates must provide written or oral evidence that they can:

Explain the aims and purpose of the Marketing function. **Two** from the following list must be covered:

- ◆ Satisfaction of customer needs
- ◆ Identifying and targeting customers
- ◆ Using the resources of the organisation to anticipate and satisfy customer wants and needs
- ◆ Communicating effectively with the right customers in order to achieve sales
- ◆ Reaching the right customers with the right product at the right time and beating any competition for those customers

Describe the two main methods of Market Research giving an example of how each could be carried out:

- ◆ field research
- ◆ desk research

In relation to the agreed business idea, use the Internet to research and quantify:

- ◆ competition
- ◆ consumer information

Outcome 2

Candidates must provide written or oral evidence that they can:

Profile the customers in the target market for their agreed business idea. This should take the form of an explanation of:

- ◆ different market segments
- ◆ customer groups

National Unit specification: statement of standards (cont)

Unit title: Business Formation: Developing a Business Idea

Candidates should then justify the customer group(s) they have selected for their target market.

Explain a benefit of good customer care and a consequence of poor customer care to a business.

Identify two methods of ensuring high customer care standards within a business and describe how each would be implemented.

Identify and explain three methods of communicating with customers and explain the benefits of these methods in relation to the agreed business idea. Candidates should identify and describe the costs associated with these methods.

Outcome 3

Candidates should provide written or oral evidence that they can:

Explain why a positive business identity is of benefit to their business and the key components of a business identity including:

- ◆ house style
- ◆ logo
- ◆ strap line/motto
- ◆ business name

Candidates must create a business identity by:

- ◆ creating a business name
- ◆ choosing corporate colours
- ◆ designing a logo using the chosen corporate colours
- ◆ designing a business card and letterhead using the logo and corporate colours

Candidates must explain their choice of business name, corporate colours and logo.

Outcome 4

Candidates must provide written and/or oral evidence that they can:

Describe **three** methods of marketing from the list below and explain the **costs** and **benefits** of each:

- ◆ Advertising
- ◆ Promotions
- ◆ Pricing strategies
- ◆ Endorsement
- ◆ Sponsorship

Explain the effectiveness of the Internet as a marketing tool including the advantages and disadvantages with reference to: cost issues; training of staff; updating of information and the potential market reached.

National Unit specification: statement of standards (cont)

Unit title: Business Formation: Developing a Business Idea

Describe the marketing mix including the **four** main elements: Product; Place; Price and Promotion. Candidates must demonstrate how each element can have an effect on the ultimate success or failure on the product or service of a new developing business.

Identify and describe **three** strategies for pricing which could be used as a marketing tool.

This part of the Unit specification is offered as guidance. The support notes 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

This Unit is mandatory within the National Progression Award in Enterprise and Business at SCQF level 6, but can be taken as a freestanding Unit.

The content of this Unit has a marketing focus — developing the candidate's knowledge and skills when considering issues of customer care and business identity as well as the costs, benefits and purpose of the marketing function. Where delivered as part of the NPA in Enterprise and Business Group Award, the Unit builds on the knowledge and skills gained in earlier Units, particularly *Business Formation: An Introduction*, and aims to encourage practical application of these skills in relation to their own, or an agreed, business idea.

The aim of Outcome 1 is to introduce candidates to Market Research and to carry out real world research of their proposed market, ie looking at competitors, potential marketing methods, etc. Candidates will learn the importance of Marketing for a new business and the different ways in which this can be carried out.

Outcome 2 focuses on potential customers of the business and requires candidates to think about their target markets. Candidates should appreciate how significant customer care is to a new business in today's competitive business world, including positive communication with customers and how this could be achieved.

Outcome 3 has a practical focus and candidates learn about the importance of establishing a positive business identity using logos, letterheads, mottos, etc. Candidates are then asked to create a business identity for the agreed business and should consider elements including corporate colours and consistency when doing this.

Outcome 4 covers the marketing of the business and the costs and benefits of different marketing strategies including the role of the Internet in Marketing. Candidates will learn about pricing strategies which can be used as Marketing tools and about the Marketing Mix being the 'ingredients' for a successful business.

National Unit specification: support notes (cont)

Unit title: Business Formation: Developing a Business Idea

Guidance on learning and teaching approaches for this Unit

This Unit is intended to be delivered using a range of teaching methods appropriate to each Outcome and includes a focus on using live business resources available through the Internet as examples of the knowledge and skills required by the candidate.

Candidates should be encouraged to draw on their own experiences of customer care, communications and planning in business, and to use the wide variety of Internet sites which exist to provide reference to these topics. Role-play techniques may be appropriate in demonstrating customer care scenarios and where this is used, the scenarios should be as realistic as possible to allow candidates to identify with the situation and provide their response to it.

It would be advisable that any business scenario used by the teacher/lecturer is used consistently throughout the Unit — where candidates do not have their own proposal or idea to use as a reference point. This could be achieved by use of a local business or one with which the candidates may be familiar in order to keep the learning context as realistic as possible for candidates.

Use of ICT applications should be encouraged throughout the delivery of the Unit and emphasis placed on the value of using ICT in business for speed, accuracy and image of the business. Where candidates are required to produce written plans or formal business documents, accuracy and appearance should be emphasised as important factors in creating a positive and professional business identity.

Opportunities for developing Core Skills

Core Skills which may be developed during the course of this Unit include:

- ◆ *Communication* (SCQF level 5)
- ◆ *Information and Communications Technology* (SCQF level 5)

The Core Skills components of:

- ◆ *Planning and Organising* (SCQF level 5)
- ◆ *Reviewing and Evaluating* (SCQF level 5)

Where candidates are asked to create original material in relation to their own, or an agreed, business idea — they are able to expand upon their own ideas and creativity and compare this to existing material that they are aware of from other businesses evaluating the suitability of their ideas for the business market. Using IT software to develop this material may also improve candidates' skills levels and enhance their end product.

Candidates are asked to make several decisions for their own, or an agreed, business idea and will be required to justify those decisions to fulfil the evidence requirements within this Unit thus improving their skills of planning, organising, reviewing and evaluating.

National Unit specification: support notes (cont)

Unit title: Business Formation: Developing a Business Idea

Guidance on approaches to assessment for this Unit

Assessment throughout the Unit should be holistic and open-book.

Candidates should create a folio of evidence including:

- ◆ Written descriptions and explanations
- ◆ Examples of Internet pages with annotated notes to contextualise
- ◆ Examples of business documents created
- ◆ Assessment/observation checklists
- ◆ Recorded evidence of Pod Casts or presentations made

Opportunities for the use of 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 Communications Technology* (ICT), such as e-testing or the use of e-portfolios or e-checklists. Centres which wish to use e-assessment must ensure that the national standard is applied to all candidate evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. Further advice is available in *SQA Guidelines on Online Assessment for Further Education (AA1641, March 2003)*, *SQA Guidelines on e-assessment for Schools (BD2625, June 2005)*.

Disabled candidates and/or those with additional support needs

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering whether any reasonable adjustments may be required. Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

History of changes to Unit

Version	Description of change	Date

© Scottish Qualifications Authority 2011

This publication may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged.

Additional copies of this Unit specification can be purchased from the Scottish Qualifications Authority. Please contact the Business Development and Customer Support team, telephone 0303 333 0330.