as business

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| **COMPONENT 1** | | |
| **Content** | **Amplification** |  |
| **Enterprise** | Explain the meaning of enterprise and SMEs |  |
| Explain how satisfying needs and wants can give opportunities to entrepreneurs |  |
| Identify business opportunities |  |
| Explain the role of the entrepreneur in creating, setting up, running and developing a business |  |
| Explain the financial and non-financial motives of entrepreneurs |  |
| Explain the characteristics and skills of entrepreneurs |  |
| Explain the importance of entrepreneurs and SMEs to the primary, secondary and tertiary sectors of the UK economy |  |
| Evaluate the impact of entrepreneurs and SMEs on businesses and the economy |  |
| Identify the various stakeholders who are affected by a business |  |
| **Business plans** | Explain the purpose and main components of a business plan |  |
| Evaluate the importance of a business plan |  |
| Identify the main sources of information and guidance available to entrepreneurs |  |
| **Markets** | Explain what is meant by a market and competition |  |
| Identify different types of market, including local/global, mass/niche, trade/consumer, product/service and seasonal |  |
| Analyse and interpret market data, including market size, market share and market trends |  |
| Explain what is meant by market segmentation |  |
| Explain how markets are segmented |  |
| Evaluate the importance and impact of segmentation to a business and its customers |  |
| Understand that different markets have differing degrees of competition, ranging from perfect competition to monopoly |  |
| Explain the features of perfect competition, monopolistic competition, oligopoly and monopoly and their impact on business behaviour |  |
| Understand the reasons why consumers sometimes need protection from exploitation from businesses |  |
| Explain what is meant by demand, supply and equilibrium |  |
| Understand the importance of demand and supply in the market |  |
| Explain the factors that lead to a change in demand and supply |  |
| Explain how a change in demand and supply can impact on price and quantity |  |
| Construct and interpret demand and supply diagrams |  |
| Understand the factors that cause the demand and supply curves to shift and the effect this has on equilibrium price and quantity |  |
| Analyse and evaluate factors which affect demand and supply and equilibrium |  |
| Understand the concept of price and income elasticity of demand (learners are not required to do calculations) |  |
| Explain the nature of inferior, normal and luxury goods |  |
| **Market research** | Explain what is meant by market research |  |
| Explain the value of carrying out market research |  |
| Distinguish between primary and secondary market research |  |
| Distinguish between qualitative and quantitative data |  |
| Explain the different methods of primary and secondary research available to businesses |  |
| Explain the issues involved in selecting the most appropriate method of market research |  |
| Evaluate the use of the different methods of primary and secondary research |  |
| Interpret and evaluate quantitative and qualitative research |  |
| Explain what is meant by sampling |  |
| Explain the difference between random and quota sampling methods |  |
| Understand the need to avoid bias in market research |  |
| Evaluate the usefulness of sampling for a business and its stakeholders |  |

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| **Content** | **Amplification** |  |
| **Business structure** | Explain the difference between the private and public sector |  |
| Explain the aims of private sector businesses including survival, growth and profit |  |
| Explain the aims of the public sector and its role in providing goods and services |  |
| Evaluate the roles of the public and private sectors in the provision of goods and services |  |
| Explain the legal structure of different private sector business organisations including sole traders, partnerships, private and public limited companies |  |
| Explain what is meant by unlimited and limited liability |  |
| Explain the advantages and disadvantages of choosing different legal structures for a business |  |
| Evaluate the factors affecting the choice of the legal structure of a business |  |
| Explain the main features of not-for-profit organisations including social enterprises, charities, co-operatives and societies |  |
| Evaluate the importance and impact of the legal structure for the various stakeholders for a business |  |
| **Business location** | Explain the factors that need to be considered when locating a new business |  |
| Analyse these factors in relation to the needs of the business |  |
| Evaluate the choice of different locations for a new business |  |
| **Business finance** | Explain the sources of finance available to entrepreneurs and SMEs |  |
| Analyse the advantages and disadvantages of each source of finance |  |
| Evaluate different sources of finance available to entrepreneurs and SMEs |  |
| **Business revenue & costs** | Explain what is meant by costs, revenue and profit |  |
| Identify costs to a business, including fixed, variable, semi-variable, direct, indirect/overhead costs and total costs |  |
| Calculate revenue, costs and profit |  |
| Interpret revenue, costs and profit calculations |  |
| Evaluate the impact of costs, revenue and profit on a business and its stakeholders |  |
| Explain what is meant by contribution |  |
| Explain what is meant by break-even |  |
| Calculate contribution and understand its application to the calculation of break-even |  |
| Construct and interpret break-even charts, including the margin of safety |  |
| Illustrate on a break-even chart the effects of changes in costs and revenue |  |
| Analyse how changes in costs and/or revenue can affect break-even (‘what-if’ analysis) |  |
| Evaluate the usefulness of break-even to a business and its stakeholders |  |

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| **COMPONENT 2** | | |
| **Content** | **Amplicfication** |  |
| **Functions- Marketing** | Explain the purpose of marketing and its importance to different types of business organisation in different situations |  |
| Explain what is meant by market orientation, product orientation and asset-led marketing |  |
| **The marketing mix** | Explain what is meant by the marketing mix |  |
| **Product** | Explain what is meant by product, product portfolio, brand, unique selling point (USP) and differentiation |  |
| Evaluate the importance of having the right product(s) to a business and its stakeholders |  |
| Explain what is meant by the product life cycle |  |
| Explain the stages in the product life cycle |  |
| Explain what is meant by an extension strategy |  |
| Construct and interpret a product life cycle diagram including extension strategies |  |
| Evaluate the impact of extension strategies on a business |  |
| Explain the relationship between the product life cycle and cash flow |  |
| Analyse product life cycles and extension strategies for different businesses, products and markets |  |
| Evaluate the use of the product life cycle to a business and its stakeholders |  |
| Explain how the Boston matrix can be used to manage a product portfolio |  |
| Evaluate the use of the Boston matrix to a business and its stakeholders |  |
| **Price** | Explain the different strategies used by businesses to determine the appropriate price for a product including penetration, skimming, cost-plus, competitive, psychological and contribution |  |
| Understand how different types of business organisations in different situations will use different pricing strategies |  |
| Evaluate the importance for a business of selecting the most appropriate pricing strategy |  |
| Evaluate the impact of pricing decisions on a business and its stakeholders |  |
| **Promotion** | Explain what is meant by promotion |  |
| Explain the different above the line and below the line strategies used by businesses to promote their products |  |
| Understand how different types of business organisations in different situations will use a range of different promotional strategies |  |
| Explain the importance for a business of selecting the most appropriate promotional strategy |  |
| Evaluate the impact of selecting the right promotional strategy on a business and its stakeholders |  |
| **Place** | Explain what is meant by place |  |
| Explain the different distribution channels used by businesses |  |
| Explain what is meant by multi-channel distribution |  |
| Explain the importance for a business of selecting the most appropriate distribution channel/s |  |
| Evaluate the impact of selecting the right distribution channel/s on a business and its stakeholders |  |
| **Decisions about the marketing mix** | Understand the importance of global marketing and global brands |  |
| Explain how the marketing mix will differ in different contexts including, local, national or global markets, goods or services markets, size of business, niche or mass markets and market structure |  |
| Evaluate the marketing mix in different contexts |  |
| **New technology** | Explain how new technology is used in marketing, including the role of digital media, social media, e-tailing and m-commerce |  |
| Explain the impacts of new technology on existing businesses such as high street retailers |  |
| Evaluate the impact of new technology on the marketing activities of businesses and its stakeholders |  |

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| **Content** | **Amplification** |  |
| **Functions- Finance** | Understand the role of the finance department |  |
| **Budgeting** | Explain what is meant by a budget |  |
| Explain the purpose of budgets |  |
| Evaluate the use of budgets to a business and its stakeholders |  |
| **Business finance** | Explain the sources of finance available to established and large businesses and consider their appropriateness for different circumstances |  |
| Understand that sources of finance can be internal and/or external |  |
| Explain internal sources of finance including owner’s capital, retained profit and sale of assets |  |
| Explain external sources/methods of finance including overdrafts, loans, share capital, venture capital, leasing, trade credit and debt factoring |  |
| Explain the advantages and disadvantages of different sources of finance to a business and the importance of choosing appropriate sources |  |
| Evaluate the impact of different sources of finance to a business and its stakeholders |  |
| **Cash-flow** | Explain what is meant by cash flow |  |
| Explain what is meant by a cash flow forecast |  |
| Construct, calculate and interpret cash flow forecasts |  |
| Evaluate the impact of a cash flow forecast on a business and its stakeholders |  |
| Explain the causes of cash flow problems |  |
| Explain strategies by which a business can improve cash flow |  |
| Evaluate the strategies a business uses to improve cash flow problems |  |
| Explain the benefits and limitations of cash flow forecasts |  |
| **The income statement** | Explain the main components of a trading, profit and loss account (the income statement) and the way that it is constructed |  |
| Calculate gross profit and net profit |  |
| Evaluate ways in which a business could improve its profit |  |
| **Ratio Analysis** | Calculate and interpret gross and net profit margins |  |
| Evaluate the calculations of profitability ratios to assess the performance of a business |  |

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| **Content** | **Amplification** |  |
| **Functions – HR** | Explain the functions of the human resource department |  |
| **Changes in working practice** | Explain what is meant by the flexible workforce including flexible hours, home working, part time, temporary, job sharing, multi-skilling, zero hours contracts and hot-desking |  |
| Explain the impact of new technology on working practices |  |
| Evaluate the impact of changes in working patterns on employees and employers |  |
| **Workforce planning** | Explain what is meant by workforce planning |  |
| Evaluate the impact and importance to a business of having the correct numbers of employees with appropriate skills and experience |  |
| **Recruitment** | Explain what is meant by the recruitment process |  |
| Explain what is meant by internal and external recruitment |  |
| Explain what is meant by job analysis, job description and person specification |  |
| Evaluate appropriate methods of selecting different types of employee for different types of job including interviews, work trials, testing, selection exercises and telephone interviews |  |
| Evaluate the importance of recruitment to a business and its stakeholders |  |
| **Training** | Explain what is meant by training |  |
| Explain the role of training in developing appropriate skills |  |
| Explain the different methods of training including induction, on-the-job, off-the-job and apprenticeships |  |
| Evaluate the importance and impact of training for a business and its stakeholders |  |
| **Appraisal** | Explain what is meant by appraisal |  |
| Explain different methods of appraisal including superior’s assessment, peer assessment, self-assessment and 360 degree feedback |  |
| Understand how appraisal can benefit both the business and its employees |  |
| Evaluate the importance and impact of appraisal for a business and its stakeholders |  |
| **Workforce performance** | Explain what is meant by workforce performance |  |
| Explain what is meant by labour productivity, absenteeism and labour turnover |  |
| Calculate and interpret labour productivity and labour turnover |  |
| Evaluate the importance and impact of workforce performance for a business and its stakeholders |  |
| **Organisational design** | Explain what is meant by organisational design |  |
| Understand what is meant by authority, responsibility, chain of command, span of control, delegation, hierarchy, centralisation and decentralisation, empowerment and delayering |  |
| Explain the characteristics of different organisational structures including hierarchical (flat and tall) and matrix structures |  |
| Explain the advantages and disadvantages of changing organisational structures and delayering |  |
| Evaluate the choice between empowerment and control of the workforce |  |
| Evaluate the appropriateness of different organisational structures to a business and its stakeholders |  |
| **Motivation** | Explain what is meant by motivation and the benefits of a motivated workforce |  |
| Explain motivation theories including Taylor, Mayo, Maslow, Herzberg and expectancy theories |  |
| Evaluate the relevance of motivational theories and their importance to businesses |  |
| Explain financial methods of motivation including piece rate, commission, bonus, salary, profit sharing, share ownership and performance related pay |  |
| Explain non-financial methods of motivation including consultation,  job design, job enlargement, job rotation, job enrichment, empowerment, team working and flexible working |  |
| Evaluate the appropriateness of various financial and non-financial methods of motivation for a business and its stakeholders |  |
| Evaluate the impact of a motivated workforce on a business and its stakeholders |  |

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| **Content** | **Amplification** |  |
| **Management & leadership** | Explain what is meant by management |  |
| Explain the functions and roles of management |  |
| Explain the advantages and disadvantages of management by objectives (MBO) |  |
| Explain McGregor’s theory X and theory Y |  |
| Evaluate the importance of management to a business and its stakeholders |  |
| Explain what is meant by leadership |  |
| Explain different types of leadership styles including autocratic, democratic, paternalistic, bureaucratic and laissez-faire |  |
| Explain the leadership theories of Fiedler and Wright and Taylor |  |
| Evaluate the importance and impact of leadership for a business and its stakeholders |  |
| Evaluate the appropriateness of various leadership styles and theories to different business situations |  |
| **Employer / employee relationships** | Explain what is meant by employer/employee relationships |  |
| Explain the duties and rights of employers and employees including contract of employment, health and safety, minimum wage and dismissal |  |
| Explain what is meant by equal opportunities |  |
| Evaluate the impact of equal opportunities on employers and employees |  |
| Explain the role of trade unions including collective bargaining, their advantages and disadvantages |  |
| Explain what is meant by employer and employee conflict including trade disputes and industrial action |  |
| Explain the resolution of disputes including negotiation, consultation and the role of ACAS |  |
| Evaluate the impact of employer/employee relations, conflict and resolution on a business and its stakeholders |  |

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| **Content** | **Amplification** |  |
| **Functions – Ops man** | Understand the nature of operations management in different types of business organisation |  |
| **Added value** | Explain what is meant by added value |  |
| Calculate added value |  |
| Explain ways of increasing value added |  |
| Evaluate the importance of added value to a business and its stakeholders |  |
| **Production** | Explain the different methods of production including job, batch and flow |  |
| Evaluate appropriate methods of production for businesses |  |
| **Productivity** | Explain what is meant by productivity |  |
| Understand ways of measuring productivity |  |
| Explain ways in which productivity can be increased |  |
| Evaluate the importance and impact of productivity for a business and its stakeholders |  |
| Explain the concept of capacity utilisation |  |
| Calculate and interpret capacity utilisation |  |
| Evaluate the concept of capacity utilisation for a business and its stakeholders |  |
| **Technology** | Explain how new technology can be used by businesses, including the use of information technology, CAD, CAM and robotics |  |
| Evaluate the impact of new technology on the various stakeholders of a business |  |
| Evaluate the importance and impact of technology in the operations of a business |  |
| **Lean production** | Explain what is meant by lean production |  |
| Explain the range of lean production practices that are used to reduce waste and improve productivity including kaizen (continuous improvement), just-in-time, cell production and time-based management |  |
| Evaluate the importance and impact of lean production for businesses and their stakeholders |  |
| **Quality** | Explain what is meant by quality |  |
| Analyse the importance of quality to a business |  |
| Explain the difference between quality control and quality assurance |  |
| Explain the concept of total quality management (TQM) and the ways that it can be achieved including quality chains, empowerment, monitoring, teamwork, zero defects, quality circles and benchmarking |  |
| Evaluate the importance of quality for a business and its stakeholders |  |
| **Purchasing** | Explain the importance of purchasing and working with suppliers |  |
| Explain what is meant by stock control |  |
| Understand the importance of controlling stock |  |
| Explain methods of stock control including traditional stock control methods, just-in-time and computerised stock control |  |
| Interpret stock control diagrams and explain the main components including re-order level, lead time, buffer stock and minimum stock level |  |
| Evaluate the importance and impact on businesses and their stakeholders of holding too much or too little stock |  |
| **Research and development (R&D)** | Explain what is meant by innovation, research and development |  |
| Explain the process of product design and development |  |
| Evaluate the costs and benefits of innovation, research and development for a business and its stakeholders |  |
| **Economies of scale** | Explain what is meant by economies of scale |  |
| Explain the different types of internal economies of scale |  |
| Explain how businesses benefit from the different types of internal and external economies of scale |  |
| Explain reasons for internal diseconomies of scale |  |
| Explain the problems caused by internal diseconomies of scale |  |
| Explain the survival of small firms |  |
| Evaluate the impact of economies and diseconomies of scale on a business and its stakeholders |  |