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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 (marketing)** | 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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| **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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| **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 |  |
| **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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| **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 |  |