

**Coursework and Teachers' Guide**

**Edexcel Advanced Subsidiary GCE in  
Business Studies (8076)**

First examination 2001

**Edexcel Advanced GCE in Business Studies  
(9076)**

First examination 2002

July 2000

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Authorised by Sue Parker

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## **Introduction**

This teachers' guide accompanies the Edexcel AS/Advanced GCE specification for Business (8076/9076) and has been designed to help teachers prepare teach and prepare their students for assessment in 2001 (AS) and 2002 (Advanced GCE) and beyond.

As the old linear syllabus has been replaced by a six unit structure, teaching plans have been provided for each unit, to provide examples of how to cover the subject content for the AS and A2 units. These are designed to give ideas on how to deliver the module. These are not prescriptive but are intended to supply helpful guidance. Wherever possible reference is made to exam questions from the specimen papers which relate to a particular section of the module.

The coursework guide advises teachers on choosing appropriate tasks, assessing candidates' work and preparing submissions for moderation. The exemplar portfolio pieces have been assessed by Edexcel's senior examiners, and Edexcel acknowledges thanks to the schools, teachers and candidates who participated in the production of work for assessment:

It is the intention that this guide will have subsequent updates provided in various forms, eg revised reading lists exemplar samples of work and reports issues at teachers' conferences. Each Edexcel centre that is preparing candidates for the new examinations in 2001 and 2002 will receive one copy of this guide free of charge. Further copies are available upon application to Edexcel Publications at a cost of £3.50 plus post and packing.

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## Raising Achievement

This section gives guidance on how examination papers are marked which in full will help you to raise the achievement of your students.

This specification is examined by means of a skills-based Levels of Response mark scheme, based on the Assessment Objectives of evaluation analysis, application and knowledge detailed on page six of the specification. Some questions, particularly those involving the use of numerical techniques, may only test Levels One and Two, i.e. the objective of Knowledge and Application. Most questions, however, in addition to this, will also test Levels Three and Four, Analysis and Evaluation.

Examination scripts are marked 'top down'. For example, in a question requiring evaluation, examiners look for evidence of this skill. If it is not present, examiners seek evidence of analysis. If this cannot be identified, evidence of application is sought. Finally, if none of these skills seen to be present, examiners reward relevant knowledge of the appropriate areas of theory. Thus, candidates are rewarded even if they fail to reach the highest level of response demanded by the question.

The skill demanded by each question is identified by the key word. Questions which use words like **evaluate, assess, justify, strategy, recommend** are seeking a Level Four response. Questions which use instructions such as **analyse, suggest reasons, explain causes and consequences** are seeking a Level Three answer. Whether a question is marked out of 4 or 40, the key word in the instruction will indicate that the top band of marks is reserved for the highest order skill demanded by that question, the next band will be awarded for the next highest level of response and so on. The bands of marks will not necessarily be equally divided. As shown on page six of the specification, the two higher order skills of Evaluation and Analysis are given more emphasis at A2 and comparatively less at AS. The table on page four shows the breakdown for each unit, revealing in particular that the higher order skills must be in evidence in Unit Four and Six. Reference to the specimen papers and mark schemes for each unit will show that, if some questions test only Knowledge and Application, the mark allocation for other questions will award proportionally more marks for Analysis and Evaluation in order to bring about the required balance for the Unit as whole.

Thus, it is most important for candidates not only to have a sound knowledge of the syllabus content, it is also essential for them to be able to **use** this knowledge to address the particular skills demanded by each question. Knowledge per se, however extensive and well stated, will only earn reward at Level one.

It is important, therefore, that candidates have practice in what is expected from certain trigger words and they practice questions which demand different levels of response.

When a question is testing Level Four, candidates must demonstrate one of the following, depending upon the precise wording of the question:

Create a strategy, showing links between different elements

Identify a priority

Assess or appraise the value or validity of evidence presented or collected

Recognise the limitations of data presented or collected, and justify suggestions for additional data needed

Make a choice, judgement or recommendation and justify it

The '2-link' argument, e.g. suggesting both short and long-term effects, or showing that a particular consequence or outcome may lead to further problems, benefits or results.

Examples of Questions requiring a Level Four response could include:

### Unit 1:

Evaluate the most appropriate management structure for Firm A

Assess the most important objective for Firm B

**Unit 2:**

Recommend a marketing strategy for Company C  
Assess the possible effects Company D's proposal to change to flow production

**Unit3:**

Identify and justify additional information required to make a full assessment of Firm E's financial performance.  
Evaluate the benefits and limitation of the use of break-even analysis by Firm F in respect of the products in its portfolio.

**Unit 4:**

Assess, with reference to alternatives, whether Company G's method of competition-based pricing is appropriate.  
Recommend and justify the most appropriate method of Investment Appraisal that Company H should undertake with reference to its proposal to install new capital equipment.

**Unit 5:**

The holistic question for those candidates taking the examination paper option will ask candidates to evaluate data, suggest additional information and recommend or appraise a plan.  
Candidates should take note of the assessment criteria on pages 31-32 of the specification which apply to both coursework and the written paper alternative. Evaluating the uses and limitations of the data collected and the data collected and the methods used to collect it is of paramount importance to those candidates taking the coursework option.

**Unit 6:**

All three questions will ask for a Level Four response. The precise requirement will vary according to the data of the case study each year.

When a question is testing Level Three, candidates must demonstrate one of the following, depending upon the precise wording of the question:

- causes and consequences
- advantages and disadvantages
- breakdown into component parts
- categorise
- suggest new data needed
- the '1 link' argument, e.g. suggesting a particular cause or consequence.

**Synoptic assessment**

Page seven of the specification shows clearly the aims of synoptic assessment and how this skill, which relates to all the assessment objectives, will be interwoven into the testing of A2, especially Unit 6.

**Quality of Written Communication**

Page seven of the specification explains this requirement and the specimen papers and mark schemes demonstrate how this will be rewarded in each unit. This element of assessment must not be overlooked in the teaching of the specification. Candidates must answer almost all questions in continuous prose. Report format may be required, for instance in Units 5 and 6, but bullet point answers are rarely appropriate at Advanced GCE.

## Unit 1: Business structures, objectives and external influences

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 1 – The Structure of Business</i>			
1	<b>Primary, secondary and tertiary sectors</b>	Classification of businesses through production. Definitions of primary, secondary and tertiary sectors, with examples. What changes have there been in these sectors?	Through example, take a product that can be bought in shops nearby. A packet of frozen beans. The beans are grown in a field, harvested and taken to a factory. Once there they are prepared, cleaned frozen and packaged. When ready they are sold on to other businesses. Three distinct levels of activity.
2	<b>The mixed economy – private and public sectors</b>	What is an economy? Types of economy e.g. market economies, planned economies and mixed economies.  The importance of the public and private sectors of the economy. Nationalisation/ Privatisation. (Should include ‘not-for-profit sector’). Look at the role played by the entrepreneur, small, large, local, regional, national and multinational organisations.	Define and explain implications. You may wish to bring in an outside speaker from an organisation such as Business Link to talk about this area. 1. Look at Public sector organisations, services supplied by the government, why are they important? 2. Explain the impact of privatisation and arguments for and against. How are privatised firms regulated? Look at organisations within the private sector, why are they important?
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

## Unit 1: Business structures, objectives and external influences

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 1 – The Structure of Business</b>			
1	<b>Legal form of business</b>	<p>The legal requirements of establishing a business.</p> <p>Effect on financing, control and decision making.</p> <p>What resources are required to produce goods or services?</p> <p>What functions does a business carry out to produce goods or services?</p>	<p>Look at sole trader, partnership, limited liability companies and franchises, display in table format.</p> <p><i>Times 100 Volume 5</i> - questions focusing on the aspects of finance control and decision making relating to more specific organisations.</p> <p>Possibly a diagram of business activity Hall, Jones, <i>Raffo Page 3</i>.</p> <p>Production, marketing, finance administration, personnel and R&amp;D.</p>
2	<b>Activities of a business: production, marketing, finance</b>	<p>What does business activity produce?</p> <p>What factors affect business activity?</p>	<p>Consumer and Capital goods.</p> <p>Look at external factors, e.g. government, economic climate, world affairs etc.</p> <p><i>Mini enterprise also possible.</i></p>
2	<b>Competitive influences</b>	<p>What competition do businesses face and how does this affect their activities and structure?</p> <p>What are the various levels of competition?</p>	<p>Look at Perfect competition, monopolistic competition, oligopoly and monopoly.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 1: Business structures, objectives and external influences**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 2 – Business objectives and stakeholders</i>			
2	<b>The nature, role and importance of objectives</b>	Why are a company’s objectives important in drawing up strategies and measuring performance?	Objectives might include: <ul style="list-style-type: none"> <li>• Profit maximisation</li> <li>• Sales maximisation</li> <li>• Customer satisfaction</li> <li>• Quality management</li> <li>• Rationalisation</li> </ul> Diversification
2	<b>The hierarchy of objectives</b>	What steps will the company go through to achieve its objectives? <ol style="list-style-type: none"> <li>1. A mission statement.</li> <li>2. Aims - long and short term aims.</li> <li>3. Process - strategic objectives to achieve aims. Alternative strategies, consequences. How the choice is made. Responsibilities.</li> <li>4. Control - Setting performance criteria, how it is measured, who measures it, monitor. Action to be taken.</li> </ol>	Talk about planning, short medium and long term tactical and strategic. Could look at company reports See specimen question paper, Unit 1, question Q1a
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 1: Business structures, objectives and external influences**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 2 – Business objectives and stakeholders</i>			
2	<b>The role and importance of profits</b>	Why is profit an important objective? Explain how production creates wealth and the principal of value added.	
2	<b>Stakeholders in business and their role in setting of objectives in business</b>	Who are the stakeholders? What role do they play in the setting of objectives?	Customer, manager, creditor, owner/shareholder and employee. See specimen question paper, Unit 1, Questions 1b and 1c
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

## Unit 1: Business structures, objectives and external influences

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 3 – Economic Influences</i>			
2	<b>The role of markets</b>	What is a market? Determinants of supply and demand.	Brylton Micro-economics software
2	<b>Micro-economic factors – the market forces of supply and demand.</b>	What is demand? Include changes and demand curves. What is supply? Include price determination and sensitivity. Elasticity of supply and demand. How changes in supply and demand can affect business decision making.	Young Manager – Henley Project. Bized site. See specimen question paper, Unit 1, questions 2a, b and c.
2	<b>Macro-economic variables such as unemployment, inflation and economic growth.</b>	How a simple and complex economy works. Government policies to control the economy.	Chancellor Game Bized site Macro-economics Brylton Times 100
1	<b>The impact of interest and exchange rates on business.</b>	What affect does inflation have on a business? What affect does a change in interest or exchange rates have on a business. Students should be able to interpret data.	All the above will provide material for practice at interpreting economic data.
1			
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 1: Business structures, objectives and external influences**

<b>Hours</b>	<b>Specification Content</b>	<b>Key Prompts</b>	<b>Ideas For Delivery</b>
<b><i>Section 4 – Legal, political and social influences</i></b>			
<b>1</b>	<b>Legislation as both a constraint and a framework in which business operates</b>	Look at EU legislation; include Social Chapter, ERM, EMU Common Agricultural Policy, and regional fund.	GNVQ European resource Pack Europe in the Round – Vocational Technologies Most texts and newspapers have current examples.
<b>1</b>	<b>The state as a regulator, as a provider of assistance to business and as a customer. Impact of change in the political environment.</b>	Government policies affecting businesses, include, monetary, fiscal, exchange rate policy, regional and urban policy, industrial policy and incomes policy.  How does a change of government affect policies and therefore business?	Sunday Business Times 100  Use examples.  See specimen question paper, Unit 1, Question 2d
<b>1</b>	<b>Laissez-faire and interventionist approach to business issues</b>	Explain the terms and relate the approaches to business	
<b>1</b>	<b>The impact of demographic trends</b>	How will changes in population structure affect the market and business?	E.g. growth in number of old people means growth for businesses providing services for them. Etc....
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

## Unit 1: Business structures, objectives and external influences

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 5 – Internal Organisation</b>			
2	<b>Organisational design, the functional areas of management and the internal structure of organisations</b>	Students should be aware of types of structure e.g. simple, functional, divisional, centralised, decentralised, flat, hierarchical and matrix. Chain of command, span of control, authority and responsibility.	Information may be obtained from local firms in advance and used to demonstrate points raised or as a talking point for students to come up with alternatives.  See specimen question paper, Unit 1, questions 3a, b and c.
1		The factors which influence organisational structures both internal (size, location, type of product or service etc.) and external (type of ownership, competition, change in technology etc.).	
1		Students need to be aware of the reasons for and affects of delayering, centralisation and decentralisation.  Look at problems of structure, communication and style of management	
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 1: Business structures, objectives and external influences**

<b>Hours</b>	<b>Specification Content</b>	<b>Key Prompts</b>	<b>Ideas For Delivery</b>
<i>Section 6 – Communication in business</i>			
<b>1</b>	<b>The role of communications within business organisations</b>	Explain the importance of the communication process and the channels being used (vertical, horizontal). Communication networks should also be included.	Use diagrams where possible throughout this section.
<b>1</b>	<b>Information management systems</b>	Explain systems currently in use and how they affect communication.	Talk about school SIMS systems, reservation systems etc.
<b>1</b>	<b>Formal and Informal communication including methods of electronic communication</b>	Explain the methods of communication used both manual and electronic. What has been the impact of information technology on business communication?	Students will need to be aware of all ICT developments in the area of communication.
<b>1</b>	<b>Causes and consequences of failure of communications.</b>	Include breakdown of channel, choice of communication, skill of sender or receiver, type of message, etc.	
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 1: Business structures, objectives and external influences**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 7 – Motivation in business</i>			
2	<b>Motivation in business organisations and the role of the various motivational theories</b>	<p>Based upon the motivation theories of e.g. Taylor, Herzberg, McGregor, Maslow, etc.</p> <p>Different individuals will be motivated in different ways. Relevance of these theories in today’s working environment.</p>	<p>Business Review articles.</p> <p>Case Study – Body Shop and Virgin</p> <p>TV Choice video ‘Shelf Life’</p> <p>See specimen question paper, Unit 1, question 1.</p>
1	<b>Introduction to styles of leadership</b>	<p>How will leadership styles affect motivation?</p> <p>Link back to organisational structures and how certain leadership styles are better suited to certain organisational structures.</p>	
1	<b>Job design, job enrichment, job enlargement, job rotation.</b>	<p>The need for non financial rewards and the affect on productivity, motivation and job satisfaction should be explored.</p>	
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 1 – The Nature and Role of Marketing</b>			
1	<b>The role of marketing</b>	What is Marketing? The importance of marketing and its effects on consumers and business. Product versus market orientated approach.	Discussion of the influence of marketing on consumers, drawing out the basic marketing principles. Examples of market orientated and product orientated business, eg. mobile phones and Concorde. Identification of the effect that a market orientated approach has on business.
2	<b>Marketing objectives and the effect of competition</b>	What are the main marketing objectives? Entry into new markets, increase market share, product development, increase profitability, increase revenue, image and product awareness.	Use of newspaper articles/case studies to identify a range of marketing objectives applied to 'real' business. Or, use simulations.  There are several articles in Business Review on marketing strategy (eg February 1999)
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1a, C3.2, C3.3</b>			



## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 2 – Market Research</b>			
1	<b>Market segmentation</b>	Why are markets segmented? - targeting the market; undifferentiated, concentrated and differentiated marketing strategies explained.	Handout on segmenting methods: description of each method with advantages and disadvantages of each.  Handout on sampling methods: description of each method with advantages and disadvantages of each.
5		How are markets segmented? - explanation of the various methods of segmenting markets including: age, income, socio-economic group, occupation, benefit sought, family cycle, geographically, etc.	Identification of errors arising from questionnaire design, data collection and analysis or from interviewer bias. Identification of errors arising from the sampling frame, non- responses, sample selection.  Case study on segmenting: The Times 100 5 <sup>th</sup> edition - Akzo Nobel.
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1a, C3.1b, C3.2, C3.3, N3.1, N3.2, N3.3, IT3.1, IT3.2, IT3.3</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 2 – Market Research</i>			
1	<b>The need for, and, purposes of sampling.</b>	Sampling methods: random, quota, stratified, systematic and cluster and when each is used.	<p><b>Suggested activity</b></p> <p>Undertake a market research task eg magazine survey involving segmenting and sampling activities. The survey's results to be collated using a database, and findings presented using a spreadsheet package.</p> <p>Students could be asked to make a formal presentation of their findings, supported by graphs and charts.</p>
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1a, C3.1b, C3.2, C3.3, N3.1, N3.2, N3.3, IT3.2, IT3.3</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 1 – The Nature and Role of Marketing</i>			
1	<b>Marketing mix</b>	What are the main elements of the marketing mix? - product, price, promotion, place.	Main elements identified and discussed in relation to a range of products, eg Mars Bars, DVDs, books, etc. Importance of market segmentation to the marketing mix of a product - using the leisure industry as an example to identify different market segments.
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1a, C3.2, C3.3, IT3.1</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 3 - Product</b>			
2	<b>Product analysis techniques</b>	<p>What is the Product Life Cycle and what does it show?</p> <p>What techniques do firms use to analyse their product mix?</p> <p>Product portfolio analysis: the Boston Matrix.</p>	<p>Using a range of products illustrate the different stages of the product life cycle eg mobile phones with Internet access are at the Development/Introductory stage, Coca-Cola are at Saturation, Levi jeans are in Decline, etc. Emphasise the importance of Extension Strategies to lengthen the life of a product.</p> <p>Managing the product mix is vital to a firm so that old products are phased out and new ones are introduced. Diagrammatically illustrate such a situation.</p> <p>Use a multi-product firm, such as Cadbury's to explain the four categories of the Boston Matrix. For example, Dairy Milk could be considered to be a Cash Cow, Fuse a Star, Double Decker a Problem Child, and Marble a Dog.</p> <p>Case study: The Times 100 5<sup>th</sup> edition - Amway or 3<sup>rd</sup> edition Polo. See specimen paper, Unit 2, question 3.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2, C3.3, IT3.1</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 3 - Product</b>			
1	<b>Branding and packaging</b>	Why is a strong brand name and important in a competitive market? What are the three main types of branding?- Multiple branding (eg RHM), multiple product branding (eg Cadbury's), 'own brands' (eg Tesco). What factors should be considered when deciding on suitable packaging? - protection, shape, design, convenience, information, environmental.	<p>Using well known brands such as Persil, Mars, baked beans, etc draw out the need for product differentiation, creating brand loyalty, flexibility when deciding on price, product recognition, etc.</p> <p>Using the same range of products compare the packaging and discuss the suitability of each to the specific characteristics of the product.</p> <p>Business Review February 1998 'What's in a name' by Jennifer Rowley looks at branding.</p> <p>Case study material: The Times 100 5<sup>th</sup> edition - C&amp;A or Boots.</p> <p>Case study material: The Times 100 3rd edition – Cadbury</p> <p>See specimen paper, Unit 2, question 1</p>
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.2, C3.3, IT3.1</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 4 – Pricing, Promotion and Place</i>			
3	<b>Pricing methods</b>	<p>What are the main factors that affect pricing decisions? - objectives, marketing mix, costs, competition, consumer perception, market segment, legal constraints</p> <p>Market-based pricing methods include penetration, competitive, skimming, psychological</p> <p>Cost-based pricing methods include cost-plus, contribution, absorption/full cost pricing</p>	<p>A brief discussion of the influence of these factors on pricing decisions. Products should be chosen to illustrate some or each of these factors.</p> <p>Market-based pricing methods and cost-based pricing methods should be defined; the advantages and disadvantages of each method identified and examples of when each might be used provided. One way to cover this topic would be to develop a case study which provides relevant examples of pricing situations. The material should provide situations that highlight the influence of price elasticity of demand in the pricing decision, CDs being a good example. Business Review April 1996 'CD prices - a track record' by Valerie Miner considers the influence of competition on the pricing policy of the record music industry.</p> <p>See specimen paper, Unit 2 question 2.</p>
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1a, C3.2, C3.3, N3.2</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 4 – Pricing, promotion and place</i>			
2	<b>Techniques of promotion</b>	What is the difference between above-the-line and below-the-line promotion? What are the main features of personal selling, advertising, sales promotion, public relations, sponsorship and advertising media?	<p>Undertake a survey of a variety of promotion methods used by a cross section of firms. Categorise these as either above- or below-the line promotion.</p> <p>Draw out the main features of each technique, together with the advantages and disadvantages of each.</p> <p>Discuss the factors that influence the choice of technique eg cost, impact, audience reached.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2, C3.3</b></p>			

**Unit 2: Marketing and Production**

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 4 – Pricing, promotion and place</i>			
1	<b>Channels of distribution</b>	<p>What is a channel of distribution? - the route taken by a product as it passes from the producer to the consumer.</p> <p>What channels of distribution are available to firms? Channels include: direct sales agents, wholesalers, retailers, mail order and the Internet.</p>	<p>Use of newspaper articles (particularly relevant for the Internet), Times 100 case studies, etc to provide examples of products distributed by the various methods. Highlight the increasing range of products available on the Internet and identify the benefits and limitations of each channel to the firm. Particularly focus on the cost factor associated with each choice of channel.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2, C3.3</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Operational efficiency</i>			
3	Methods of organising production	<p>What are the traditional production methods? - job (a designer dress), batch (Baxters Thai Chicken Soup), line (Sharp videos) and flow (oil refining). What is cell production? How does cell production fit into the line production system?</p> <p>What are the Japanese methods of production? - lean production and Kaizen.</p> <p>What are quality circles?</p>	<p>Arrange a visit to a local business that uses at least one of these methods. Identify the main features of each method and provide other examples of how each is used. Discuss the advantages and disadvantages of each system.</p> <p>Use a series of case studies to analyse the extent to which each system satisfies customer demand, eg analyse line production methods by comparing the production of Morgan cars to the production of the Ford Focus. Identify the use of cell production in the car industry.</p> <p>Business Review contains several articles on lean production and Kaizen. See Business Review February 1996 'Lean Times' by Nigel Watson; April 1998 'Toyota's Way by Martin Fosten; Business Review September 1994 'The three deadly sins' by Ian Dorton. Use these to identify the main features of Japanese production and how they differ from traditional Western methods.</p> <p>Quality circles will have been discussed when considering lean production.</p>
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1a, C3.2, C3.3, IT3.1, IT3.2, IT3.3, WO3.1, WO3.2, WO3.3</b>			

**Unit 2: Marketing and Production**

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Operational efficiency</i>			
1	Capacity utilisation	<p>What is capacity utilisation? - actual output as a % of maximum potential output.</p> <p>What are the effects of not using capacity efficiently? - fixed costs per unit increase so profits decrease/loss- making may occur.</p>	<p>Definition (see A-Z of Business Studies Handbook - Lines, Marcouse and Martin). Provide examples which highlight the financial importance of capacity utilisation.</p> <p>See specimen paper, Unit 2, question 5.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2, C3.3, N3.2</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Operational efficiency</i>			
1	Economies of scale	What are economies of scale? - reduction in costs gained by firms as they grow. Internal economies are the benefits that arise within the firm; they include technical, managerial, financial, purchasing/ marketing, risk bearing economies. External economies are achieved by a business in an industry; these include labour, ancillary/ commercial services, co-operation, disintegration.	Select a current proposed merger and use newspaper articles to provide relevant information. Draw out examples of both internal and external economies of scale that may be achieved.  See specimen paper, Unit 2, question 5
All key skills may be addressed through this entire unit (see specification pages 38-39)  However, this unit specifically gives opportunities for: <b>C3.2, C3.3</b>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Operational efficiency</i>			
1	<b>Diseconomies of scale</b>	<p>What are diseconomies of scale? - rising long run average costs as a firm expands beyond its minimum efficient scale. Internal diseconomies are caused by the problem of managing a large business; they include communication, control, employer/employee relationship, technical.</p> <p>External diseconomies might arise from overcrowding in industrial areas resulting in the rising cost of land, labour, services and materials, plus congestion.</p>	<p>Select a current proposed merger and use newspaper articles to provide relevant information. Draw out examples of both internal and external diseconomies of scale that may result.</p> <p>A basic knowledge of fixed, variable, total and average costs is required before the effect of economies of scale in the long run average cost curve can be discussed. Provide an example, such as that to be found in Raffo, page 220 question 2, to illustrate economies/diseconomies of scale.</p> <p>See specimen paper, Unit 2, question 5.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2, C3.3, N3.2</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Operational efficiency</i>			
2	<b>Stock control</b>	<p>What is stock? - raw materials/components, work-in-progress, finished goods. What are the costs of holding stock? - opportunity cost, storage, spoilage, financial.</p> <p>How can a firm maintain the right level of stocks? - by balancing costs against availability. Usage patterns.</p> <p>What influences the level of stocks held? - demand (buffer stocks), seasonality, costs, working capital available, type of stock, lead time, external factors eg shortages.</p>	<p>Identify the reasons why firms must hold sufficient stocks of different items, eg raw materials to meet production requirements; finished goods to meet customer demand; spares to support sales and production.</p> <p>Use diagrams to illustrate how usage patterns can be irregular, particularly for batch production. Also, illustrate reorder levels, lead times and buffer stocks.</p> <p>It may be possible to arrange a visit to a local firm to investigate its stock control methods, eg a large supermarket where stock control of perishable and non-perishable goods would differ. Students should be guided to investigate the problems associated with overstocking, understocking and stock out.</p> <p>See specimen paper, Unit 2, question 4.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.3, IT3.2, WO3.1, WO3.2, WO3.3</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Operational efficiency</i>			
1	<b>Just in time (JIT) and just in case</b>	<p>What is JIT? - a manufacturing system designed to minimise the costs of holding stocks as used in lean production.</p> <p>What is just in case? - a system designed to ensure that sufficient stock is held to cover short-run supply problems as employed in mass production.</p>	<p>An article explaining the characteristics of JIT can be found in Business Review, September 1994.</p> <p>A survey of local industry could be used to illustrate both the JIT system and the just in case system - the benefits and drawbacks of each.</p> <p>The same survey could also be used to identify the importance of computer technology for both methods.</p> <p>Findings discussed and shared by the group.</p> <p>See specimen paper, Unit 2, question 6.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.1a, C3.2, C3.3, WO3.1, WO3.2, WO3.3</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 6 - Quality</i>			
2	Quality assurance	<p>What is quality assurance? - quality standards that are agreed and met throughout the firm.</p> <p>Why is quality assurance important to a business? - The aim is to ensure customer satisfaction, generate greater sales and make higher profits. Total Quality Management requires every individual and department to take quality into account at all times.</p>	<p>An investigation of local firms could be undertaken to identify those that operate a TQM system. Or use a case study to illustrate the main features, including the use of quality circles, inspection and benchmarking.</p> <p>Identify the main features of TQM and the benefits and drawbacks associated with using the system.</p> <p>Business Review February 1995 'Quality is a human issue' by Roger Williams explains what quality actually means and why it is considered important.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.1a, C3.2, C3.3, WO3.1, WO3.2, WO3.3</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 6 - Quality</i>			
1	Quality control	<p>What is quality control? - the process of checking the accuracy of work bought in or completed. Quality control is usually carried out by quality inspectors.</p> <p>What is benchmarking? - imitating the standards of a quality manufacturer.</p>	<p>Business Review November 1998 'Simply the best' by Marie Brewer outlines benchmarking and how it is used by firms.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2, C3.3</b></p>			

**Unit 2: Marketing and Production**

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 6 - Quality</b>			
2	<b>Training and development to improve quality</b>	<p>What training methods do firms use? - induction, on-the-job and off-the-job training, multi-skilling and retraining. Examples of on-the-job training include observing an expert, mentoring, coaching, job rotation, etc.</p> <p>Off-the-job training offers in-house courses, vocational courses, distance learning.</p>	<p>Define each of the training methods and explain the advantages and disadvantages of each method.</p> <p>Business Review September 1999 'McDonald's star treatment' by Susan Curtis explains McDonald's training programme including induction and on-the-job training.</p> <p>An investigation into the different training methods used in business could be a task set for work experience. Students could present their findings and share their data when they return.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.1b, C3.2, C3.3, WO3.1, WO3.2, WO3.3</b></p>			

## Unit 2: Marketing and Production

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 6 - Quality</i>			
2		<p>An Induction training programme introduces new employees to key aspects of the firm and the new job.</p> <p>Multi-skilling involves training workers to work across a wide range of tasks.</p> <p>Re-training has become a major feature of today's job market.</p>	<p>Many organisations are willing to provide examples of their induction programmes. On the other hand, many students have part-time jobs and will have been involved in some form of induction training. They could be asked to relate their experiences to other students.</p> <p>Newspaper articles could be used that illustrate the need for workers to retrain.</p> <p>Students could be asked to produce a report on the various forms of training available to business.</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.1b, C3.2, C3.3, IT3.2, IT3.3</b></p>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 1 – Financial Accounts</b>			
2/4	<b>Purpose of Accounts</b>	Why are internal and external accounting documents prepared? Who uses such accounts? Internal consumption - forecasting and control. External consumption - as required by law.	Examine the usefulness of such accounts to all stakeholders (owners/shareholders/managers/workers/government/community/environmental groups, etc). (unit 1, section 2)  Use of published accounts will be useful; for example, the Body Shop compared with other businesses which do not have such ethical/environmental concerns. May also be worthwhile showing students how accounts are constructed, eg. using a limited number of transactions and plotting these through ledger (T) accounts and a trial balance to a profit and loss account and a balance sheet (or this could be covered later when looking specifically at the structure and format of the balance sheet and the trading/profit and loss account).
<p>All Key Skills may be addressed through this entire unit (see Specification PP38-39)</p> <p>This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.3; N3.1; N3.2; N3.3</b></p>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 1 – Financial Accounts</b>			
2	<b>Capital and Revenue Expenditure</b>	<p>What is meant by capital expenditure? - on fixed assets.            What is meant by revenue expenditure? - on recurring items such as wages, overheads, etc.            What is a fixed asset? - remains in the business for more than 12 months, generates income/profit, subject to depreciation, eg. property/machinery, etc. What is a current asset? - remains in the business for less than 12 months, constantly changing/circulating, eg. bank/cash/debtors/ prepayments, etc.            What is a current liability - money owed by the business which has to be repaid within 12 months; again (usually) constantly changing, eg. creditors/bank overdraft/accruals/bank loan (due for repayment within one year), etc. What is a long term liability? - money owed by the business which has to be repaid after 12 months, maybe debentures/bank loans, etc. What is capital? - money contributed by the owners of the business, plus retained profits/ reserves, etc.</p>	<p>Examine the published balance sheets of public limited companies, or preferably prepare own more simplified versions, which show each of the main headings from a trading and profit and loss account and a balance sheet. Explain the headings under which each item appears and explain why each item appears under its respective heading. It is important that students understand this fundamental difference, the use of practice exercises is highly recommended.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 1 – Financial Accounts</b>			
<b>2</b>	<b>Profit and Cash</b>	<p>What is profit? - the money made by the business as a result of its trading activities, less all expenses paid plus any non-cash provisions (such as depreciation) which have to be made on an accruals basis (plus/minus any exceptional items).</p> <p>What is cash? - the money which flows into and out of the business on a weekly/monthly/annual basis, but not on an accruals basis (ie. it excludes depreciation, bad debts, etc.), but includes cash receipts/payments (such as newly issued shares/dividends paid/capital expenditure) which are not included within the trading and profit and loss account.</p> <p>Profit and cash have to be reconciled and differences identified/ explained (ie. it is possible to be very profitable, but have a large bank overdraft).</p>	<p>Look again at published accounts of public limited companies, or preferably prepare own simplified versions, to show the calculation of gross profit, net profit and profit after taxation and interest, etc. Similarly with cash flow (<i>see below</i>) statement figures. Be able to show a reconciliation between the profit and loss account balance and the cash flow statement balance.</p> <p>Examine the items that make up cash and profit.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 1 – Financial Accounts</i>			
3/5	<b>Structure and Format of the Balance Sheet and the Profit and Loss Account</b>	<p>What is a balance sheet? - snapshot picture of a business at a particular point in time, shows all assets and liabilities of the business.</p> <p>What is a (trading and) profit and loss account? - to calculate gross and net profit.</p>	<p>Examine the published balance sheets of public limited companies, or preferably prepare own simplified versions, to show fixed assets (at net book value), current assets, current liabilities, long term liabilities and (for limited companies only) shareholders' funds. Also need to show all provisions (such as revaluations, tax payable, dividends payable). Undertake worked examples of amendments to balance sheet items (<i>use[s] of a spreadsheet - also look here, or later, at the advantages and disadvantages of using a spreadsheet for accounting/budgeting</i>). Consider the usefulness of a balance sheet, the legal requirements relating to a published balance sheet, the notes to the accounts, the accuracy of a balance sheet given the estimates for depreciation/stock valuation/etc.</p> <p>Examine published trading and profit and loss accounts, or preferably prepare own simplified versions, to show the cost of sales, the gross profit, the net profit made by the business after the deduction of all expenses (including non-cash provisions) and after allowing for all prepayments and accruals. Analyse amendments made to trading/profit and loss account figures, use(s) of a spreadsheet, legal requirements relating to a profit and loss account, notes to the accounts (<i>and look at how these final accounts are constructed on a simplistic basis, if not covered earlier</i>).</p> <p>You would probably teach the trading and profit and loss account first and the balance sheet second.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 1 – Financial Accounts</i>			
<p>2/3 - dependent on number of worked examples</p> <p>1</p>	<p><b>Depreciation</b></p> <p><b>Working Capital</b></p>	<p>What is depreciation? - all (fixed) assets lose value (wear out) over a period of time due to wear and tear/obsolescence/etc.</p> <p>What is working capital? - difference between current assets and current liabilities, shows ability of business to pay currently outstanding debts</p>	<p>Must be provided for in accounts of business. Examine worked examples of each method, advantages and disadvantages of each method, effects of each method on profit/loss and on balance sheet, both methods are only estimations of decline in value of assets.</p> <p>See specimen question paper, Unit 3, Question 2(a)</p> <p>Carry out worked examples, usefulness/meaning of working capital level(s). Examine the individual components of working capital and discuss the effects of decreases and increases in these items on working capital.</p>
<p>All Key Skills may be addressed through this entire unit (see Specification PP38-39)</p>			
<p>This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b></p>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 1 – Financial Accounts</b>			
4	<b>Interpretation of Final Accounts</b>	What is the meaning/usefulness of a set of final accounts? - need to look at all ratios listed in the specification on page 20.	<p>Performance ratios - return on capital employed* (see specimen question paper, Unit 3, Question 1(a)(iii)), return on net assets, gross profit margin*</p> <p>(see specimen question paper, Unit 3, Question 1 (a) (i)), net profit margin*</p> <p>(see specimen question paper, Question 1 (a) (ii)).</p> <p>Activity ratios - asset turnover, stock turnover, debt collection period, creditors' payment period.</p> <p>Liquidity ratios - current ratio*, acid test/quick ratio* working capital*.</p> <p>Gearing ratios - gearing ratios*, interest cover</p> <p>Shareholders' ratios - earning per share, price/earnings ratio, return on equity, dividends per share, dividend cover.</p> <p>Use worked examples of each ratio, consider usefulness of such ratios in analysing activities and operations of a business (see below) identification of possible insolvency (refer to cash flow statements, see below) and possible overtrading. Students should practise case studies from such sources as Raffo chapter and Marcourse chapter</p> <p><b>NB. Ratios indicated * are those which will be tested on this Unit.</b></p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 1 – Financial Accounts</b>			
4	<b>Limitations of Ratio Analysis and of Accounting Statements</b>	What are the advantages and disadvantages of ratio analysis? How useful is it? What are its limitations?	<p>Consider published final accounts of limited companies and/or prepare own more simplified versions, for identification of possible problems such as insolvency and overtrading (<i>see above</i>), enables a comparison to be made over time and as between different businesses; but does not take into account (for example) the effects of inflation/changes in accounting practices/standards or changes in economic conditions.</p> <p>Need to also consider other information about the activities of a business to evaluate its success/otherwise - changes in business/economic conditions/etc., flow of funds statements (do not confuse with cash flow statements), development of an internet strategy (may refer back to [say] social/ethical/environmental concerns identified in Body Shop annual reports).</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 2 - Budgeting</b>			
2	<b>The Role, Purpose, Process and Features of Budgets in Financial Management</b>	What is a budget? - drawn up by a business on any one of a number of different bases (eg. departmental, product, cost/profit or revenue centre, factory, business), used to control activities of department/business.	May be cash based or activity based, possible worked examples, needs to be flexible and not fixed/rigid, advantages and disadvantages of budgets/budgeting (identification of variances, variance analysis, ability of business to improve/maintain variances, possible worked examples, are covered in unit 4), use(s) of spreadsheets (or look here at the usefulness of a spreadsheet in accounting/budgeting).
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; T3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b><i>Section 2 - Budgeting</i></b>			
5	<b>The Process, Purpose and Features of Budgeting and Cash Flow</b>	What is a cash flow statement? - shows all the cash movements into/out of a business on a weekly/monthly/annual basis	Use worked examples, use(s) of a spreadsheet, identify possible cash flow problems, facilitates negotiations with bank on arrangements for an overdraft, usefulness of a cash flow statement, possible solutions to adverse cash flow (distinguish between short and long term solutions, but remember that any reference to changing selling price must also take into account the effects of price elasticity of demand). Do not confuse with a flow of funds statement.  See specimen paper, Unit 3, Question 2b (i), (iii).
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; T3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>3 Classification and Analysis of Costs</b>			
1	<b>Classification of Costs</b>	What are costs?	May be divided under a number of different headings (eg. fixed/variable/semi-variable, fixed/variable, direct/indirect or overheads), examples of each type of cost, unit cost/average cost/standard cost/etc. (See specimen question paper, Unit 3, Question 1a (iv)), <i>(methods of costing such as full/absorption are covered in unit 4).</i>
1	<b>Contribution</b>	What is contribution? - difference between the selling price of a unit of a product and its variable costs amount which each unit contributes to its fixed/indirect/overhead costs.	Worked examples, <i>(enabling a firm to judge whether or not to remain in business in the short term/make decisions about new contracts, etc. is covered in Unit 4)</i> , used in break even analysis to help calculate the output at which the business just breaks even <i>(see below)</i> .  See specimen question paper, Unit 3, Question 1a (i).
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; T3.3; N3.1; N3.2; N3.3</b>			

### Unit 3: Financial Management

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 3 Classification and Analysis of Costs</b>			
2	<b>Break Even and Margin of Safety</b>	What is break even analysis? - identification of output level at which firm just breaks even	Can be calculated graphically using figures for (total) revenue/(total) fixed costs/variable costs, use worked examples; or by calculating the contribution made per unit and dividing this into the level of fixed/indirect/overhead costs, worked examples. Margin of safety (level of output at which the business is producing minus the break even level of output), , worked examples.
2	<b>Uses, Assumptions and Limitations of Break Even Analysis</b>	What are the advantages and disadvantages of break even analysis?  <b>NB. Plus time for revision and examination question practice.</b>	See specimen question paper, Unit 3, Question 1a (ii) and (iii).  Advantages and disadvantages of break even analysis - gives a business a target at which to aim, shows effects of changes in price/fixed and variable costs, etc; but too simplistic as it ignores effects of stock levels, usually assumes that relationships are linear, cannot cope with sudden and significant changes, depends upon quality of information incorporated, etc.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

## Unit 4: Analysis and Decision Making

(Total – 60 Hours)

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b><i>Section 1 Sales Forecasting as an Aid to Decision Making</i></b>			
2/1	<b>The Role of Sales Forecasting in Decision Making (Relating to Marketing Strategies)</b>	Analysis of sales trends and making forecasts. Why does a business need to predict future sales patterns and on what basis can this prediction be made?	Need to examine the use of both quantitative approaches (eg. time series analysis, plotting the trend, line of best fit, etc.) and qualitative approaches (eg. finding views of groups of experts, or of experienced managers, etc.) ( <i>see below</i> ). Develop forecasts/projections. Determine future business planning. Formulate sales, and hence production, budgets. Consider why qualitative data might be needed.
2/3	<b>Methods of Sales Forecasting</b>	Ways in which sales forecast data can be obtained and utilised by a business.	Study of time series analysis, identification of the trend, trend variations, seasonal variations, line of best fit, extrapolation, moving averages, through worked numerical examples. Need to use qualitative data when insufficient numerical/factual data is available, or data is out of date. Consider finding views of groups of experts, experienced managers, etc. Why is qualitative data always needed to support quantitative data? Advantages and disadvantages of both quantitative and qualitative data. Evaluation of approaches. ( <i>May be useful to look at forecasting in generic terms - also applies to derivation of figures for a cash flow forecast and for expected cash flow in decision trees and investment appraisal</i> ).
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b><i>Section 1- Sales Forecasting as an Aid to Decision Making</i></b>			
2	<b>Sales Budgets and Variances</b>	<p>What is a sales budget? - statement showing expected sales volume/revenue from each department/profit or revenue centre. What is a variance? - difference between forecasted/ budgeted figure and actual figure.</p> <p>Why undertake variance analysis? - to find out causes of differences and, if appropriate, take steps to correct.</p>	<p>Examine the information which needs to be obtained and put into a sales budget (from forecasts and how a sales budget is constructed). Worked numerical examples. Need to explain why variances are important, calculation of favourable and unfavourable/adverse variances, measures which could be taken (where appropriate) to correct variances. Remember that some variances will be outside the control of the firm. What is the role of variance analysis in decision making? - eg. under-performing sales/profit or revenue centres (<i>see below</i>). (<i>Reference should also be made to variance analysis in relation to costs/cost centres</i>).</p> <p>Evaluation of the technique</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; It3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 2 – New Product Decisions</b>			
2/1	<b>Research and Development</b>	What is the impact of new product development on other business functions and what is the role and contribution of other areas to new product development?	Need to look at the functions of a research and development department. Need for ongoing development of new products - product life cycle, product mix, stages in new product development, constraints on new product development (eg. finance, cost, market, legal, technological, etc.). Need to look at the role of the marketing (department) in testing new products; the production (department) in actually manufacturing the new product, etc.
2/1	<b>New Product Design and Development</b>	What are the stages in new product development?	Consider the various stages involved - development of ideas, analysis of ideas, development of product, test marketing, evaluation of results, launch, re-evaluation.
1	<b>Computer Aided Design</b>	What has been the impact/is likely to be the impact of technological developments on the design process?	Look at CAD and similar design packages and their linkage directly into CAD/CAM, CNC, etc. Also look at robotics, CIM, etc. Consider the role/importance of the internet in the passing of information. Consider the advantages and any appropriate disadvantages of using such technology.  See specimen question paper, Unit 4 Question 1b (i)..
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 2 – New product decisions</i>			
2/1	<b>Value Analysis</b>	<p>What is the nature and the purpose of value analysis? - finding alternative (cheaper/more efficient) ways of making the product.</p> <p>What is the role of value analysis in decision making? - provides information on alternative ways of making product, may force firm to reconsider options (including ceasing production) .</p>	<p>Analyse the ways in which an examination of the costs structure of a product/cost centre can be altered in order to improve efficiency of business – eg., automation, changing suppliers, total quality management, quality circles, etc., (see Unit 2, Section 6).</p> <p>See Specimen question paper, Unit 4 Question 1b (i).</p>
2/1	<b>Technological Change</b>	<p>What are the benefits to a firm from a shortening of product development time?</p> <p>What are the effects/benefits of time based competition? - getting your product out quicker, but similarly competitors can respond more quickly</p>	<p>Analyse the benefits of getting product onto the market more quickly and/or can respond to competitors’ actions more quickly. Firm may not reap benefits of own product developments for so long/need to recover costs more quickly (but impact on sales). Customers are likely to benefit from products launched more quickly (may lead to higher sales). Gives firm competitive edge as product development is now quicker.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3;IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 3 – Probability and decision making techniques</b>			
2/3	<b>Quantitative Understanding of Sampling</b>	What is standard deviation? - a measurement of dispersion, and sometimes thought of as a means of assessing the reliability of (research) data.	Examine the measurements of variation including mean deviation and standard deviation ( <i>although measurements are not required, it is often easier to explain mean and standard deviation through worked examples</i> ). Look at the relevance of mean and standard deviation to market (and other) research data collected. Need to assess the reliability of all such data before making any decisions based on that data ( <i>need to make this reference applicable to all data collected - including decision trees, investment appraisal, etc. - see below</i> ).
2/3	<b>Decision Tree Analysis</b>	What is a decision tree? - to make a judgement/decision between alternative courses of action.	Examine the information which needs to be collected before a decision tree can be constructed. Calculation of expected (financial and economic) outcomes. Worked numerical examples. Decision nodes and chance nodes.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			



**Unit 4: Analysis and Decision Making**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 4 – Project Management</b>			
2/3	<b>Critical Path Analysis</b>	What is critical path analysis? - to determine the minimum time to complete a project, and/or to show any float time available within the project.	<p>Discuss the information needed before a network can be constructed and a critical path determined. Calculation of EST/LFT, free float/total float. Worked numerical examples. Dummy activities. Nodes.</p> <p>See specimen question paper, Unit 4, Questions 2a (i), 2a (ii), 2b and 2c (ii).</p>
2/3	<b>Resource Allocation</b>	What is a Gantt Chart? - shows how resources might be allocated/sequenced over time.	<p>Consider that a critical path analysis shows how long a project should take, but it assumes resources are both available and flexible; Gantt chart shows just how these resources can be allocated. Advantages and disadvantages of using a Gantt Chart. Evaluation of technique</p> <p>See specimen question paper, Unit 4, Question 2d.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 4: Analysis and Decision Making**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b><i>Section 4 – Project Management</i></b>			
2	<b>Uses and Limitations of Critical Path Analysis in Decision Making</b>	What are the benefits and drawbacks of using a critical path analysis?	Look at the advantages (eg. reduces the potential time lost between activities, encourages forward planning, improves productive efficiency through just in time/working capital/storage needs.), as well as at the drawbacks (eg. needs co-operation of a motivated workforce, only helpful if all data is reliable, does not take into account qualitative effects, etc.). Large projects/large construction companies may need to use IT. <i>(Look at, here, the benefits/drawbacks of using IT not just within critical path analysis but also within all decision making techniques.)</i> Evaluation of technique.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; T3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 5 – Cost Analysis and Decision Making</b>			
1	<b>Cost and Profit Centres</b>	What is a cost centre? - a department/product/factory/shop which generates costs. What is a profit/revenue centre? - a department/product/factory/shop which generates profit/income.	Explain the reasons why a firm needs to break down its productive process, and its selling process, into individual units/centres. Examine the purpose behind cost/revenue allocation (eg. make departments/managers responsible, to manage more efficiently, to retain control, etc). Analyse the appropriate methods of cost allocation ( <i>see below</i> ).
3	<b>Methods of Costing</b>	What are standard costing, absorption costing, full costing, marginal costing and contribution?	Evaluate each of the methods of allocating/apportioning costs. Worked numerical examples to illustrate the differences. Appropriateness of method of apportionment under absorption costing. analyse the advantages and disadvantages of each method ( <i>see below</i> ). Also analyse the role of spreadsheets in costing (and revenue measurement). Assess the role of contribution in determining the acceptance of special order contracts/buying components/unprofitable lines ( <i>see also Unit 3</i> ).
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 4: Analysis and Decision Making**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b><i>Section 5 – Cost Analysis and Decision Making</i></b>			
3	<b>Costing and Pricing</b>	What is the relationship between costing and pricing/profit? - cannot price appropriately unless/until all costs are known.	Consider the effects of a business not knowing the accurate costs of making its product and the effects on price/profitability. Use a worked example to show, say, the effect of changing from a full costing approach to an absorption costing approach. What are the advantages and disadvantages of each costing method ( <i>see above</i> ). Evaluation of each costing approach.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b><i>Section 6 – Ratio Analysis in Decision Making</i></b>			
3	<b>Analysis of Final Accounts</b>	Why does a business need to undertake ratio analysis? - to judge progress and for comparison	Explain the usefulness/meaning of a set of final accounts. Look at the published accounts of public limited companies, or preferably prepare own simplified versions ( <i>see Unit 3</i> ). Ratio analysis may be used to help a business achieve its (financial) objectives. Examine the following ratios - current assets ratio, acid test ratio, working capital ratio, stock turnover, gearing ratio, asset turnover ratio, gross profit margin, net profit margin, return on capital employed, debtor days, creditor days, interest cover, dividend cover and earnings per share ( <i>but also see the full list of all ratios in Unit 3</i> ). Worked numerical examples.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

#### Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Possible Ideas For Delivery
<b><i>Section 6 – Ratio Analysis in Decision Making</i></b>			
2/1	<b>Uses and Limitations of Ratio Analysis</b>	What are the benefits and drawbacks of using ratio analysis?	Analyse benefits such as the identification of possible problems, eg., insolvency and overtrading, etc., but also consider drawbacks such as the need to obtain additional information (eg. cash flow statement) and knowledge of economic climate, etc., ( <i>see below and see Unit 3</i> ). Worked numerical examples.
2/1	<b>Inter-Firm and Historical Comparisons</b>	What are the benefits and drawbacks of using ratio analysis to make inter-firm and historical comparisons?	Assess benefits such as allowing comparisons to be made (has the financial position of the business improved/deteriorated in both absolute and relative terms?), but also consider drawbacks such as not taking into account the effects of inflation/changes in accounting practices/standards or changes in business/economic conditions, etc., ( <i>see above and Unit 3</i> ). Worked numerical examples.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

## Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Ideas For Delivery
<b>Section 7 – Investment appraisal in long-term decision-making</b>			
1	<b>Purpose of Investment Appraisal</b>	What is the purpose of investment appraisal? - to judge the likely profitability/cash inflow from a (range of) project(s).	Examine both the quantitative and qualitative factors involved in making such a decision. (Refer back to work on forecasting.) Qualitative factors include issues such as the effect on the environment, the impact of legislation/government policy, effects on shareholders and effects on workforce (eg. impact on motivation), etc. Consider the need to use accurate forecasts. (See Unit 3, Section 2.)  See specimen question paper, Unit 4, Question 1a.
4/5	<b>Investment Appraisal Techniques</b>	What are payback, average rate of return, net present value and internal rate of return?	Use worked examples to illustrate each investment appraisal technique. Analyse the advantages and disadvantages of each technique ( <i>see below</i> ). Look at the impact of different cash flow forecasts upon each technique. Consider the reliability/validity of figures when making decisions in situations of risk and uncertainty. ( <i>See Unit 3.</i> )  See specimen question paper, Unit 4, Question 1a.
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b>			

**Unit 4: Analysis and Decision Making**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 7 – Investment appraisal in long-term decision-making</i>			
2	<b>Uses and Limitations of Investment Appraisal Methods</b>	What are the benefits and drawbacks of the investment appraisal process?	Look at the advantages and disadvantages of each investment appraisal technique. Evaluation of each/most appropriate technique.
<p>All Key Skills may be addressed through this entire unit (see Specification PP38-39)</p> <p>This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.1; IT3.2; IT3.3; N3.1; N3.2; N3.3</b></p>			

**Unit 4: Analysis and Decision Making**

Hours	Specification Content	Key Prompts	Ideas For Delivery
<i>Section 8 – Employer/employee</i>			
3	<b>Individual/Collective Bargaining</b>	<p>What is individual bargaining? - negotiation between (usually) an employer and a single employee.</p> <p>What is collective bargaining? - negotiation between (usually) a group of employers and a group of employees.</p>	<p>Consider the nature of individual bargaining (more power to the employer - in most circumstances) and the nature of collective bargaining (depends upon the relative strength of each group). Consider the role of employee associations (within a business) and of trade unions. Examine the types of trade unions. Look at the services provided by trade unions for their members. Consider the role of employer associations (not just collective bargaining, but as a trade association). Consider the roles of both the employer and the employee in the decision making process – for example, to what extent does consultation take place and what are the effects of the decision making process on motivation?, etc.</p>
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.2; IT3.3</b>			

## Unit 4: Analysis and Decision Making

Hours	Specification Content	Key Prompts	Possible Ideas For Delivery
<b>Section 8 – Employer/employee</b>			
2	<b>Union/Management Strategy in Response to a Changing Environment</b>	What is meant by industrial action? - steps taken by either employees or employers in pursuance of a trade dispute. How are disputes resolved? - consensus, mediation, role of ACAS/industrial tribunals.	Discuss the various types of industrial (in)action such as strikes, work to rule, overtime ban, lock out, dismissal for breach of contract, etc. Look at the roles of ACAS and industrial tribunals in helping to resolve disputes. Consider the changes which have taken place in industrial relations and in employee participation such as quality circles, worker representation at boardroom level, etc.  See specimen question paper, Unit 4 Question 1c.
4	<b>Principles of Employment Law</b>	How is employment affected by changes in the law? !	Examine the various legal constraints which affect employment within a business, such as equal opportunities ( <i>sex/race/equal pay - see Unit 5</i> ), health and safety ( <i>see Unit 2</i> ), data protection, unfair dismissal ( <i>see Unit 5</i> ), employee rights to seek protection/compensation, role of industrial tribunals.  See specimen question paper, Unit 4, Question 1c
All Key Skills may be addressed through this entire unit (see Specification PP38-39)			
This part of the Unit Specification gives opportunity for: <b>C3.1a; C3.1b; C3.2; C3.3; IT3.2; IT3.3</b>			

## Unit 5: Business Planning

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Sections 1 and 2 The Planning Process and Business Planning</b>			
3	<b>Strategic Planning and Corporate Plans</b>	Planning process, development planning, resource requirements against costs, success criteria	Introduce by asking students to prepare personal career plans. Then outline the school's/college's/department's development plan. Case studies from textbooks, e.g. Business Studies by Marcousé, et al (1999) Unit 77.
2	<b>Functional Plans</b>	Functions – marketing, human, production, finance.	Use the school as a familiar context then ask students to discuss each of these functions in relation to their Key Stage 4 work experience organisation
2	<b>Budgets – purpose of</b>	Examples of Income; sales, loans, grants. Expenditure; materials, overheads, wages/salaries, utilities. Business start up capital, overdrafts, debt factoring.	Small Business Advisers from local commercial banks or from the local TEC are often useful as a stimulus. They may provide case studies, scenarios, etc. <a href="http://www.MYOB.com">www.MYOB.com</a> is also a useful source of on-line help.
3	<b>Construction, format, use of business plans</b>	Audit, objectives, assumptions, strategy and tactics, control and evaluation	As above (introduced and developed together) Students work in small groups to draw up initial ideas for business plan, provide <i>provisional</i> 'executive summaries'. Ideally, this should include the examination of existing examples of business plans. An IT workshop may be necessary to develop an <i>outline</i> business plan using word processing and spreadsheets.
2	<b>SWOT and PEST analysis</b>	Purpose of these techniques	Case studies based on local company/organisation visit or work experience/placement reviews. Review business plans so far developed; refine/amend. Students could present then evaluate each others' initial plans.
All key skills may be addressed through this entire unit (see specification pages 38-39).			
However, these sections (1 and 2) of this unit specifically gives opportunities for: <b>C3.1a and C3.1b; WO3.1, WO3.2 and WO3.3; LP3.1, LP3.2 and LP3.3; PS3.1, PS3.2, PS3.3 and PS3.4.</b>			

## Unit 5: Business Planning

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 3 Human Resource Planning</b>			
2	<b>Labour markets</b>	Employment by sector, occupation, status.	Local Economic Development Unit visit/visitor or examination of most recent trends reports. Examination of local newspapers – vacancies.
3	<b>Recruitment and Selection Procedures</b>	Recruitment policies, selection procedures, job specifications and descriptions, induction programmes.	Case studies based on local companies/organisations. Prepare job spec and job descriptions based on newspaper, www. job files and trade journal adverts. The local Careers and Education Business Partnership are a useful source of info and advice. Interactive CDRoms such as JIIGCAL.
2	<b>Methods of Payment</b>	Time-based, production-based, performance-based. Significance of responsibility, appraisal, training and development.	Activity – ‘car production game’. Teams given different prompt sheets to produce same ‘vintage’ cars but conditions vary. Note the effects on level and quality of output .
2	<b>Leadership styles</b>	Interrelationship between organisational objectives and structure, leadership styles and motivation, human resource planning.	ITV Business Studies video on Virgin, edited by Dan Moynighan. TV Choice video ‘Shelf Life’ Role plays based on leadership styles met by students whilst on work experience. Marcouse, et al case studies, eg. Unit 31.
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this section of this unit specifically gives opportunities for: <b>C3.1a, C3.2, and C.3: IT3.1: WO3.1, WO3.2, WO3.3; LP3.1, LP3.2. LP3.3; PS3.1, PS3.2, PS3.3, PS3.4</b>			

## Unit 5: Business Planning

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 4 Marketing Planning</b>			
4	<b>Market Research</b>	Primary and secondary sources and methods. Presentation of findings, analysis of results.	Business Link adviser Spreadsheets and pinpoint applications software Creation and interrogation of databases Use of the internet and CD Roms as secondary methods, eg, government websites, corporate reports, Times 100 CD Rom
2	<b>Marketing Plans and Objectives</b>	Marketing strategies, marketing mix, (product, place, pricing, promotion and packaging) Advertising.	Times 100 Case Studies on Nestle Nescafe Gold Blend, Cadbury's Wispa, Nestle Polo, etc. Volumes 1 to 5. Do presentation to group, who will then evaluate marketing plan.
3	<b>Marketing Audit</b>	Boston Matrix, Product Positioning	Times 100 Case Studies, also available on CD ROM
<p>All key skills may be addressed through this entire unit.</p> <p>However, this section specifically gives opportunities for: <b>C3.1b, C3.2, C3.3; IT3.1, IT3.2; N3.3; WO3.1, WO3.2, WO3.3; LP3.1, LP3.2, LP3.3</b></p>			

## Unit 5: Business Planning

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 5 Financial Planning</b>			
5	<b>Sources and methods of finance</b>	Financial plans, asset finance, Long, medium and short term Debt and equity External and internal sources	Small Firms Adviser, commercial bank, introduces and reviews all of this section (e.g. regular weekly contact can be arranged as part of Natwest 's 'Face to Face with Finance' education package – see local branch)
5	<b>Cash-flow forecasts and forecast profit and loss accounts</b>	Purpose of Cash Flow Forecasts, <u>construction</u> of Cash Flow Forecasts and Forecast P & L accounts	Students present Cash Flow Forecasts to 'bank manager' who assesses liquidity, viability, etc. Use of spreadsheets to prepare Cash Flow Forecasts and Projected Profit & Loss account Lloyds-TSB Small Business Guide, Sarah Hogg on disc/CD ROM
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this section of this unit specifically gives opportunities for: <b>IT3.1, IT3.2, IT3.3; N3.1, N3.2, N3.3; PS3.1, PS3.2, PS3.3, PS3.4</b>			

NB the above scheme suggest 10 hours per section; these sections need not be studied in this particular order but such an order is commonly used.

- this guide is for those who choose to pursue Option A of this coursework Unit or for those centres preparing candidates for the examination
- Option, Code 6125/02

Young Enterprise is a useful vehicle for delivery of Unit 5.  
Similarly, so are Structured Work Placements.

**Unit 6: Corporate Strategy**

<b>Hours</b>	<b>Specification Content</b>	<b>Key Prompts</b>	<b>Ideas for Delivery</b>
2	<b>Synoptic Assessment</b>		Examples, data and cases to show the interdependence of business functions (unit 1 section 1) and the need for integration, prioritisation and the consideration of opportunity costs in planning strategy. In all aspects of this unit, examples can be taken from contemporary issues, both local national and international.

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 1 – Responding to the external environment</i>			
1	<b>Balancing objectives of stockholders and business objectives</b>	Objective of different groups may clash (1/1:1/2)	Examples of circumstances may occur, e.g. relocation, diversification, downsizing, dividend policy, going public, and how strategies need to address these issues.
2	<b>Changes in macro-economic variables</b>	Interest and tax changes (2/3) affect corporate strategy	Effects on both demand and supply sides (1/3), including budgeting (3/3), pricing (4/5), quality (2/6). Examples of how these factors are linked in creating a strategy. See specimen paper, question 3
2	<b>Changes in level of economic activity at all levels</b>	Periods of boom, slump, inflation, growth (1/3) affect corporate strategy	Effects on demand (1/3), scale (2/5), marketing plans (5/4), labour markets (5/3), and how firms have to revise corporate strategy to cope with these factors. Problems of economic forecasting with particular reference to how long a trend will last
1	<b>Seasonality</b>	Some firms face seasonal demand or have seasonal supply factors	Examples from local markets (e.g. garden centres, farms) or nationally (e.g. tourism, Christmas items). Corporate strategy will have to consider budgeting and cash flow (5/5), labour contracts (5/5), forecasting (4/1) and stock control (2/5).  Make a presentation about the complexities of creating long-term strategy in a climate of economic change and uncertainty, with reference to a particular firm or industry
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.1b</b>			

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 2 – Developing a Global Strategy</i>			
2	<b>Export opportunities, competitiveness and entry into overseas markets</b>	Need to forecast and research markets and develop an entry strategy	Consider problems such as exchange rates, distribution (2/4), packaging (2/3). Need to employ expertise, provide finance (5/5) and estimate future trends in overseas markets and economies. Local examples may be available of firms entering overseas markets.
1	<b>EU;EMU</b>	Strategies are affected by EU membership and by developments in EU, including the Euro	Effects on firms of single market, legal constraints (e.g. beef ban), EMU developments including adoption or non-adoption of Euro (e.g. prices of goods or materials quoted in Euros; exchange rate effects). Effects on inward investment. Examples may be available locally or in the light of contemporary events. Effects of membership of EU on trade links with other countries may be considered.
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>IT3.1.</b></p>			

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 2 – Developing a Global Strategy</i>			
1	<b>Multinationals</b>	Effects from perspective of the state, consumers and employees	<p>State: problems of providing incentives to attract multinationals; repatriation of profits; dangers of political interference; footloose nature of multinationals; damage to domestic industry. Dangers are especially present for Third World countries. Consumers: issues of pricing, quality, loss of competition (1/1), local market demand features.</p> <p>Employees: comparison of wages and conditions; possible insecurity (e.g. Fords); decisions made abroad; corporate culture.</p> <p>Investigate international markets with particular reference to the attitude of particular firms, including multinationals to UK adoption to the Euro (see specification page 42)</p>
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>IT3.1.</b></p>			

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 3 – Responding to social responsibilities and ethics</i>			
1	<b>Social Responsibilities</b>	Responsibilities to all Stakeholders	Strategies have to take into account all stakeholders (1/2), including the local economy and employees, and try to satisfy their varying demand.
1	<b>Business Ethics</b>	Strategy is affected by changes in ethics and culture	Examples of cigarette manufacture and promotion; footballers' wages and image; armaments exports, fur trade, improvements in small car safety. Firms try to present an ethical image (e.g. Body Shop) or emphasise rights of consumers or employees.
1	<b>Environmental Considerations</b>	Impact on corporate strategy	Examples of pressure group activity, official reports and government policy affecting strategy, including catalytic converters, night take-offs and landings at airports. 'Nimby' attitudes at siting of airports, football grounds, prisons etc. have to be taken into account in planning strategy.
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.3.</b>			

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 3 – Responding to social responsibilities and ethics</i>			
1	<b>Social and environmental audit</b>	Why and how firms carry them out.	Need for firms to establish a good image locally and nationally. Need to research local features, e.g. when marketing or producing abroad (6/2)
2	<b>Market failure</b>	Merit and demerit goods; externalities; government action and its effects on corporate strategy	Examples of merit and demerit goods and externalities and reasons for their existence. Examples of and reasons for labour market failures e.g. supply of nurses and teachers; unemployment of obsolete skills; local labour market problems (5/3). Regional housing prices and their effect on labour markets. Arguments concerning government policy and its effects on strategy, e.g. seek new markets, seek subsidies, pay penalties.  Report on how a local company deals with its social and ethical responsibilities (see specification page 41)
All key skills may be addressed through this entire unit (see specification pages 38-39)			
However, this unit specifically gives opportunities for: <b>C3.3</b> .			

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 4 – Strategic Decisions</i>			
2	<b>Mergers and acquisitions</b>	Analysis of benefits and problems of growth. Directions of growth	Examples of hostile and voluntary mergers and acquisitions. Motives for mergers and acquisitions. Discussion of effects on organisational structure (1/5), motivation (1/7), product organisation (2/5), stakeholders (6/1). Creation of new strategy.
1	<b>Generic strategies</b>	Synergy; Ansoff	Reasons for and methods of achieving synergy. Risks involved in following the different directions in Ansoff's Matrix.
1	<b>Product positioning</b>	Positioning maps and identifying gaps in the market	Relevance of market research and segmentation (2/2), finding niche markets, repositioning products.  Compare arguments about a proposed contested take-over from the stand point of both firms involved and from the point of view of other stakeholders including employees.
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>C3.2.</b></p>			

## Unit 6: Corporate Strategy

Hours	Specification Content	Key Prompts	Ideas for Delivery
<i>Section 5 – Corporate and organisational culture</i>			
2	<b>Corporate culture; organisations, culture and objective; organisational behaviour.</b>	Types of culture and effects on decision making.	Origins of culture in organisations and changes (e.g. mergers and acquisitions (6/4), Effects on motivation (1/7), behaviour and decision-making.
1	<b>MIS</b>	Role in firms.	Examples of changes in response to changes in corporate culture and structure.
2	<b>Leadership styles in relation to culture and motivation.</b>	Inter-relationship of leadership and motivation.	Effects on organisation (1/6) and motivation (1/7). Examples of how leadership changes affect culture and behaviour.
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>Presentations and discussions concerning the effects of leadership styles on motivation and how corporate culture affects objectives and behaviour.</b></p>			

Hours	Specification Content	Key Prompts	Ideas for Delivery
<b>Section 6 – Management of Change</b>			
2	<b>Origins and nature of change. Necessity for change.</b>	Why and how organisations change	Origins of change: from above or below; leadership and culture (6/5); consultation. Nature of change: technological, cultural, organisational, market. Necessity: competitive forces; demands of stakeholders; changing demand; external consideration (6/3)
2	<b>Resistance to change. Strategies to overcome resistance.</b>	Why change is often difficult to achieve.	Reasons for resistance: fear of redundancy; new skills needed; changes in work groups; relocation; cultural changes; organisational restructuring; change in work conditions. Strategies to implement change: Consultation or involvement; use of external consultants; retraining; retirement packages; gradual or sudden change. Examples, perhaps locally, of firms which have successfully implemented change.  See specimen paper, Question 2
<p>All key skills may be addressed through this entire unit (see specification pages 38-39)</p> <p>However, this unit specifically gives opportunities for: <b>Revision and exam practice with particular reference to synoptic assessment: Agreeing targets, planning programmes, using support (LP3.1), seeking feedback and support to meet targets (LP3.2), reviewing progress and agreeing action for improvement of performance (LP3)</b></p>			

## Coursework Guide

### Specimen Paper Module 5 (Coursework Option)

Unit 5 can be assessed by examination or coursework. This section of the guide provides information on teaching the coursework.

#### Introduction

Edexcel will prescribe annually two assignment questions relating to Business Studies, from which candidates taking the coursework option select ONE to be undertaken and submitted by 1 May. It is expected that the Coursework Assignment will be word-processed.

#### Aims

Candidates will be involved in the process of primary research and data collection. The assignment will provide opportunities for candidates to collect and collate both primary and secondary information in a variety of ways. Candidates will be required to analyse and evaluate the information, including making judgements and drawing conclusions. Their findings should be presented in an appropriate form. It should encourage candidates to:

- (a) investigate specific business activities through individual studies;
- (b) collect, select and use business information in ways which are appropriate to the prescribed assignment;
- (c) demonstrate awareness of a variety of solutions to business problems and the need to make reasoned statements and to communicate these effectively;
- (d) enhance underpinning knowledge.

#### Assessment and Moderation of Coursework Assignments

The Coursework Assignment will be assessed by the candidate's teacher, according to the criteria given below, and will be externally moderated by Edexcel.

Sampling will be undertaken by post. Edexcel's Moderators will call for a sample of candidates' work from each centre. Additional samples may be called for where necessary.

All candidates' marks, together with completed Coursework Assignment Assessment Forms, and the coursework sample should be submitted to the moderator assigned to the centre, by 1 May. Details of the procedures and the address of the assigned moderator will be sent to the centre in April. No work should be submitted for moderation until these details have been received. Teachers will be responsible for ensuring that each candidate's Coursework Assignment is authenticated as the candidate's own work. A Statement of Authentication must be attached to the front of each Coursework Assignment.

#### Specimen Coursework Assignments

The following are the specimen assignments that were provided where the specification was developed. These are not the assignments that your students will have to undertake. However, they, together with the exemplar material provided will help you to see the type of assignment which will be set and the standards of which are expected.

You must choose ONE of the following Assignments

## **Coursework One: Business Planning**

You have been asked to advise two colleagues who wish to start a new business in your local area. The business will be one of the following:

- Café
- Hairdressing Salon
- Video Shop

Present a report for your colleagues which covers the following elements: situational audit, objectives, assumptions, sources of finance, strategy and tactics, control and evaluation.

Assume there is £20 000 available but another £15 000 is needed to make the plan viable. Consider the source of finance which they should approach.

## **Coursework Two: Manufacturing**

Select a manufacturing firm in your local area. Assume this firm wishes to expand its product portfolio and this decision would involve an increase in the number of people it employs at all levels.

Present a report for the board of directors detailing the main elements of human resource planning which will be involved in the following areas;

- a new Production Manager
- Marketing personnel
- Production workers

Your report should include job specifications and descriptions, selection methods, induction and training all in the context of your local labour market.

## Assessment Criteria

### Introduction

When assessing the assignment of a student, you must mark the work using the guidance laid out below.

#### AO1 Demonstrate knowledge and critical understanding of the specified content.

	Mark Range
• shows thorough and detailed evidence of information gathering from a range of sources together with effective use of such information to provide a detailed and critical understanding of the specified content	17 -20
• shows detailed evidence of information and a systematic approach to gathering from a range of sources together with a demonstration of an understanding of the specified content	13 - 16
• shows detailed evidence of information gathering from a range of sources together with a demonstration of an understanding of the specified content	9 –12
• shows evidence of information gathering from more than one source and the use of such information to understand the content	5 -8
• shows evidence of gathering knowledge and simple understanding of content	1 -4

#### AO2 Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations

	Mark Range
• shows the application of detailed knowledge and critical understanding to problems and issues arising from both familiar and unfamiliar situations, underpinned by synthesis of theory	17 -20
• shows the application of knowledge and critical understanding to problems and issues arising from both familiar and unfamiliar situations, underpinned by theory	13 - 16
• shows the application of knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations	9 - 12
• shows the application of limited knowledge and understanding to a number of problems and issues	5 –8
• shows some knowledge and understanding of problems	1 –4

#### AO3 Analyse problems, issues and situations

	Mark Range
• uses a range of appropriate techniques to analyse problems, issues and situations, together with a detailed appreciation of their limitations	17 - 20
• uses a range of appropriate techniques to analyse problems, issues and situations, together with an appreciation of their limitations	13 - 16
• uses a range of techniques to analyse problems, issues or situations, together with some appreciation of their limitations	9 -12

- uses more than one technique to analyse problems, issues or situations 5 -8
- uses one technique to analyse problems, issues or situations 1 -4

**AO4 Evaluate, distinguish between fact and opinion and assess information from a variety of sources**

	Mark Range
• evaluates and assesses information, distinguishes between fact and opinion and offers conclusions and recommendations based on a synthesis of the information gathered from a variety of sources	17 -20
• evaluates and assesses information, distinguishes between fact and opinion and offers a conclusion based on a synthesis of the information gathered from a variety of sources	13 -16
• evaluates both research and content, distinguishes between fact and opinion together with some assessment of information and a limited conclusion	9 –12
• attempts to evaluate and assess information, with some attempt to distinguish between fact and opinion	5 -8
• attempts to evaluate and assess information	1 –4

## Notes for Guidance

Candidates opting for coursework in Module 5 are required to choose ONE assignment question from the two set by Edexcel. As the questions will change from year to year it is essential that teachers and candidates ensure that they are using the assignment questions set for the year in which the module is entered.

The assignment will require candidates to make selections, analyse, make judgements and to evaluate. It is the demonstration of the higher order skills that will provide access to higher marks. Candidates' attention should be drawn to the Assessment Criteria in which marks are allocated. The coursework must address the question set by Edexcel and candidates should make recommendations for action that the firm could adopt, where these are appropriate.

The Coursework assignment must show evidence of individual enquiry, analysis and evaluation, even when several candidates have based their study on the same business.

Successful Coursework Assignments will demonstrate an integration of both primary and secondary research with appropriate techniques and concepts drawn from relevant parts of the syllabus. Candidates should be reminded of the importance of explaining their course of action when undertaking research. The use of a particular technique of research or of analysis should be justified in the assignment. The source material should be acknowledged in full. Quotations must be attributed. Once information has been collected it needs to be interpreted and its validity and reliability will need to be considered.

Candidates should appreciate the importance of Quality of Language.

Assignments should be submitted in soft covered binders with the following information clearly visible from the outside:

- Syllabus name and number;
- Candidate name and number;
- Centre name and number;
- The exact title of the assignment.

Appendix material should be included only if directly referred to in the text but it should be kept to a minimum, avoiding multiple copies of questionnaires and excessive pre-printed material from firms.

Centres are advised to distribute these notes and criteria for Assessment and Quality of Language to candidates.