

# Unit 1: Enterprise in the Business World

Level: **1 and 2**

Unit type: **Core**

Guided learning hours: **30**

Assessment type: **Internal**

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## Unit introduction

What is a business and what does it do? The term 'business' can cover anything from a sole trader in a local market to a multinational corporation selling products to millions of people all over the world.

This unit introduces you to the language and terminology used in business. It explores what businesses do, trends that affect them, how they operate and the factors that influence their success.

You will explore different types of business ownership and how these relate to the size and scale of a business, as well as how the type of ownership impacts on the responsibilities of the owners of a business. Combined with looking at types of business model, you can begin to understand how diverse the world of business is.

You will use your understanding of business language to investigate what businesses do by examining the aims and objectives they set, the importance of knowing their market and understanding the influence of their stakeholders.

You will plan an idea for a realistic business start-up in your local area, based on your research, select a format and then present the business model and plan.

This unit should be incorporated throughout the programme of study as the content is synoptic and links to, and underpins, all the other units in the specification.

## Learning aims

In this unit you will:

- A know how trends and the current business environment may impact on a business
- B plan an idea for a new business
- C present a business model for a business start-up.

## Learning aims and unit content

### What needs to be learnt

#### Learning aim A: Know how trends and the current business environment may impact on a business

##### Topic A.1 Finding information

- Sources of information, e.g. broadsheet and local newspapers, professional and trade journals, websites, business networking organisations
- Reliability of sources and bias and currency of information

##### Topic A.2 Factors to consider in the current business environment

- National factors – political issues, level and type of government support for business, taxation, the economy, e.g. level of employment, inflation, exchange rates, cost of loans
- Local factors – location of business, requirements for resources, e.g. premises, staff, equipment, location of suppliers, competitors and customers
- Impact of factors – on a selected target group of customers, relevance to business proposition

##### Topic A.3 Trends affecting business

- Social trends, e.g.:
  - population changes, increasing life expectancy
  - households and families, e.g. more couples cohabiting
  - education, e.g. increasing achievements at GCSE
  - labour market, e.g. increase in flexible working
  - increasing travel for work, e.g. longer commutes to work
- Technology trends, e.g. increasing use of information technology, telephony and web developments
- Environmental trends, e.g. increase in renewable energy and recycling
- Ethical trends – ethical concerns of potential customers, e.g. carbon footprint, sources of timber, child labour, inadequate pay, animal welfare, identification of values of an organisation and ethical codes to address ethical concerns, contribution of business to the community

##### Topic A.4 Size of business and type

- Micro business – up to 9 staff
- SMEs (small and medium enterprises):
  - small enterprises – between 10 and 49 staff
  - medium enterprises – between 50 and 249 staff
- Large business – more than 250 staff
- Start-ups and existing businesses

**What needs to be learnt****Learning aim B: Plan an idea for a new business****Topic B.1 How business ideas can be successful**

- Finding innovative solutions, e.g. Dyson
- Meeting customer needs, e.g. products or services, filling a gap, doing it better than competitors
- Identifying new needs, e.g. mentoring and coaching, using digital media (such as social networking websites)
- Continuing to meet established customer needs, e.g. adapt when gap in provision, review and improve provision
- Being entrepreneurial – ideas of recent entrepreneurs, e.g. Tanya Budd, Rose Grimond, Mark Zuckerberg
- Importance of having a strong vision and seeing it through, e.g. Apple
- Measures of success, e.g. financial, social, customer satisfaction

**Topic B.2 Business ideas**

- Researching the market and identifying gaps or opportunities
- Selecting a product or service
- Targeting customers, e.g. by age, location, interests, concerns
- How a selected product or service will meet the need or demand of targeted customers
- Difference between 'benefits' and 'features' of a product or service

**Topic B.3 Assessing the suitability of a business idea**

- Estimating resources required to develop ideas, including:
  - own time, others' time, skills and areas of expertise
  - personal commitment
  - finance, premises, materials, equipment
- Selecting the most appropriate idea
- Likelihood of success or failure, e.g. access to prospective customers, existing demand, estimating profitability
- Identification of major barriers for a start-up business, e.g. large start-up costs, cash flow, licences, competitors

**Topic B.4 Producing an initial plan for a business idea**

- Producing a plan, including:
  - a rationale for a realistic idea, including vision and concept
  - supporting evidence, e.g. possible customers, possible routes to market, strategy for dealing with competitors, ideas for financing, ideas for implementation

**What needs to be learnt****Learning aim C: Present a business model for a business start-up****Topic C.1 Choice of format**

- Definition, features, advantages and disadvantages of the following formats:
  - sole trader
  - partnership
  - limited company
  - public limited company (plc)
  - social enterprise

**Topic C.2 Sources of help and support in developing a new business**

- Sources of help, e.g. finance (bank manager), start-up capital (selling shares to family members, Prince's Trust), research (other businesses), independent advice (Business Link)
- Support networks, e.g. Chambers of Commerce, trade associations, professional bodies, friends and family, charities and voluntary organisations

**Topic C.3 Business model**

- Definition of a business model – shows how a business aims to generate revenue and make a profit from operations: the model includes the components and functions of business, as well as revenues it generates and expenses it incurs
- Components of a business model, including:
  - results of researching the market, including identifying potential customers (businesses or individual consumers) and competitors
  - goods or services – make or buy
  - means of delivering to customer, e.g. internet only, franchise, direct sales
  - business aims – the long-term visions or goals
  - business objectives – measurable targets to help achieve the overall aims of a business, importance of making objectives SMART (specific, measurable, achievable, realistic and time-related)
  - stakeholders and their influence on the business, e.g. owners, employees, customers, financiers, suppliers, local community
  - finances and costs for start-up
  - providing evidence to justify why the idea will succeed

## Assessment criteria

Level 1	Level 2 Pass	Level 2 Merit	Level 2 Distinction
<b>Learning aim A: Know how trends and the current business environment may impact on a business</b>			
1A.1 Identify factors of the business environment that can impact on a start-up business.	2A.P1 Outline how the business environment can impact on a start-up business.	2A.M1 Explain how changes in the current business environment are likely to impact on a start-up business.	2A.D1 Assess the current risks, opportunities and trends in the business environment for a start-up business. *
1A.2 Identify current trends that may impact on a start-up business.	2A.P2 Explain how current trends will impact on a start-up business. *	2A.M2 Compare how two trends have impacted on a start-up business. *	
<b>Learning aim B: Plan an idea for a new business</b>			
1B.3 Identify the features of successful businesses.	2B.P3 Describe, using relevant examples, the features of successful businesses.	2B.M3 Compare the features, strengths and weaknesses of two successful businesses.	2B.D2 Justify how the initial plan for a business idea has potential for success in relation to existing local businesses. *
1B.4 Prepare an initial plan for a business idea for the local area. *#	2B.P4 Prepare a realistic initial plan for a business idea suitable for the local area. *#	2B.M4 Explain how the initial plan for a business idea has the potential to respond to market needs. *	

Level 1	Level 2 Pass	Level 2 Merit	Level 2 Distinction
<b>Learning aim C: Present a business model for a business start-up</b>			
1C.5 Outline the choice of format selected for a business start-up.	2C.P5 Explain the reasons for the choice of format selected for a business start-up.	2C.M5 Present a realistic business model for a business, explaining how the format and business model will enable it to carry out its activities successfully. #	2C.D3 Present a realistic business model for a business, explaining how the format and supporting evidence justifies the initial business idea. #
1C.6 Present, with guidance, a business model for a business start-up. #	2C.P6 Present a realistic business model for a business start-up. #		

\*Opportunity to assess mathematical skills

#Opportunity to assess English skills

## Teacher guidance

### Resources

Learners will need access to local businesses.

### Assessment guidance

This unit is assessed internally by the centre and externally verified by Edexcel. Please read this guidance in conjunction with *Section 8 Internal assessment*.

Potentially, the unit covers a large amount of ground and the intention is that, rather than becoming knowledgeable about all aspects of the business environment, learners instead become aware of the need to monitor the business environment and develop the skills to research what they need in order to develop a specific business idea.

This unit is synoptic and it would be advisable to deliver it over the period of the course as it links to and underpins all the other units.

An active approach should be taken to delivery, encouraging learners to take responsibility for finding information and applying it to their own business model. The unit gives learners opportunities to explore current affairs and reflect on the impact that changes could have on businesses or social enterprises.

It is recommended that assessment evidence for this unit is presented in a portfolio, with the following sections, under which the learner places their evidence to meet the criteria:

- idea for the start-up business
- research for the start-up business
- initial plan for a business idea
- format of business start-up, reasons for choice
- business model
- presentation
- observation records and/or witness statements

Work should be broken up into manageable stages. The assessment programme could be presented as a series of interlinked and coordinated tasks from which the outline business plan is derived. It will be necessary to have detailed and well-maintained tracking records so as to track the achievement of individual criteria.

Supporting evidence in the form of presentation materials, learners' notes and peer observations must be retained. Learners need to provide the initial rationale for the choice of development of a business idea and a brief project plan; then later they need to provide the more specific detail in the business plan.

Learners' presentations can be either written or verbal, but presentations need to be supported by completed assessor observation records detailing individual learner achievement against the target criteria. This is particularly important if a group presentation has been made. If learners have worked in groups on an idea for a start-up business, the groups should be no more than three or four learners.

## Level 2

For 2A.P1, the learner needs to outline how the business environment can impact on a start-up business.

For 2A.P2, the learner needs to explain how current trends will impact on a start-up business. If they wish, they could focus on trends that have a particular impact on their own idea for a business start-up.

For 2A.M1, the learner needs to explain how changes in the current business environment are likely to impact on a start-up business. This leads to 2A.M2 where the learner will compare how two trends have impacted on a start-up business. If they wish, they could focus their evidence on the impact this will have on their own idea for a business start-up. This evidence could be developed further in 2A.D1, where the learner will assess the current risks, opportunities and trends in the business environment for a start-up business. This should go beyond expressing a hunch or opinion but rather should draw upon relevant data or balance one argument with the opposing argument before coming to a decision.

For 2B.P3, the learner needs to describe, using relevant examples, the features of successful businesses they have individually identified. This could be developed for 2B.M3 where learners need to compare the features, strengths and weaknesses of two of the successful businesses used for 2B.P3.

For 2B.P4, the learner needs to prepare a realistic initial plan for a business idea suitable for the local area. This must include an individual rationale with supporting evidence. The supporting evidence will show appropriate research and detail and be appropriate for the local area. For 2B.M4, learners need to provide a full explanation of how their idea has the potential to respond to local market needs and for 2B.D2, justify how their idea has potential for success in relation to specific local businesses.

For 2C.P5, the learner needs to explain the reasons for the choice of format selected for their business start-up, demonstrating an understanding of the characteristics of different types of format available.

For 2C.P6, the learner needs to present a realistic business model for a business start-up. They can develop this further in 2C.M5 by explaining how the format and business model will enable the business to carry out its activities successfully, based on its potential for success in relation to existing local businesses. This will be detailed and original, showing thorough research and thought. There will be a detailed explanation of how it has the required features to respond to market needs and be successful, giving reasons for suitability and fully explaining the reasons for rejecting other ideas.

For 2C.D3, the learner will explain how their chosen format and supporting evidence justifies the initial business idea. They should explain a vision that traces the steps along the way from the original idea to a plan for a business start-up that could be potentially successful. They will come up with one idea that others have not considered and that responds creatively to market needs and will be able to articulate their thoughts well. They will justify and evaluate the likelihood of success of the development of the business idea. The learner will need to define what success is and use one or more sources of information, such as their business plan, to support judgements on whether the idea is likely to be successful, using comparisons to existing businesses.

**Level 1**

For 1A.1, the learner needs to identify factors of the business environment that can impact on a start-up business.

For 1A.2, the learner needs to identify current trends that may impact on a start-up business. These should be related to reliable sources of information. It may be useful for the learner to consider the trends that may be relevant to their idea for a new business idea.

For 1B.3, the learner needs to identify the features of successful businesses. A minimum of four features need to be identified.

For 1B.4, the learner needs to prepare an initial plan for a business idea for the local area, including a rationale and supporting evidence. At this stage the idea should be individual. It may be that learners then work together to select the best idea to take forward for the rest of the unit, but if that is the case all criteria must be evidenced individually.

For 1C.5, the learner needs to outline the choice of format selected for a business start-up.

For 1C.6, the learner needs to present, with guidance, a business model for a business start-up. The plan may not show that they are fully informed of all the characteristics of a business model and research may be incomplete.

### Suggested assignment outlines

The table below shows a programme of suggested assignment outlines that cover the assessment criteria. This is guidance and it is recommended that centres either write their own assignments or adapt any assignments we provide to meet local needs and resources.

<b>Criteria covered</b>	<b>Assignment</b>	<b>Scenario</b>	<b>Assessment evidence</b>
1A.1, 1A.2, 2A.P1, 2A.P2, 2A.M1, 2A.M2, 2A.D1	Investigating the Business Environment	You have decided that you would like to set up a business. You will research local businesses to understand the local business market and to see whether there is a gap in the market that you could fill with your new business. To do this, you will need to consider both current trends and the current business environment, and their impact on businesses.	Leaflet, presentation, discussion
1B.3, 1B.4, 2B.P3, 2B.P4, 2B.M3, 2B.M4, 2B.D2; 1C.5, 1C.6, 2C.P5, 2C.P6, 2C.M5, 2C.D3	My Business Idea	You will research which businesses in the local area are currently successful, and why. You will then plan and decide on a realistic idea for a proposed business start-up, as well as deciding on the format for the ownership of the business. When presenting your realistic business model, you need to include your research, the type of ownership proposed, whether you have chosen to provide services or goods, your aims, objectives and sources of finance for the business, who your stakeholders are and a justification of why you think your business will be successful.	Presentation with explanatory notes, of idea, format and business model