

Unit 2: Enterprise and operations (LEVEL 2)

Learning outcomes

By completing this unit candidates will develop knowledge and understanding of how businesses identify opportunities, how they obtain support for new ventures, and how they operate to give the venture the best chance of success.

Candidates will produce evidence to meet the unit assessment objectives in order to show that they understand:

- the business environment
- suitability of ownership to particular ventures
- how to develop a business plan
- the operational elements which provide the best chance for success
- how to present proposals to key stakeholders.

All assessment objectives are based on a single business venture devised by an individual candidate or a group of candidates.

Assessment objectives	Knowledge, understanding and skills
1 Research and describe the current business environment relating to the proposed business venture	Different forms of market research: <ul style="list-style-type: none"> • primary • secondary Business environment: <ul style="list-style-type: none"> • market environment (economic) • potential competition • sources of potential finance • potential customers • location (cost, suitability)
2 Describe the different forms of business ownership suitable for the proposed new venture and recommend the most appropriate	Types of business ownership: <ul style="list-style-type: none"> • sole trader • partnership • private limited company • public limited company • franchise • co-operative Recommend the most appropriate type of ownership
3 Research and present the information required to construct an outline business plan	Elements of a business plan Marketing: <ul style="list-style-type: none"> • a SWOT analysis of any relevant competition and a SWOT analysis of the potential new business • the marketing mix for the product

(continued overleaf)

Assessment objectives	Knowledge, understanding and skills
<p>3 Cont.</p> <p>Research and present the information required to construct an outline business plan</p>	<p>Finance:</p> <ul style="list-style-type: none"> • feasibility study • cashflow projections • potential profit and loss • start up capital • potential sources of finance <p>Human resources:</p> <ul style="list-style-type: none"> • the labour market and factors likely to affect the need for staff and ability to recruit appropriate staff • tasks to be undertaken by the owner and any employees <p>Materials and equipment:</p> <ul style="list-style-type: none"> • potential suppliers • potential costs of required items • justification of what is required and why, including potential constraints
<p>4 Describe the operational systems needed to make the intended business successful</p>	<ul style="list-style-type: none"> • how the product/service will be produced • how the product or service will be distributed to customers • monitoring and assuring quality of product or service • methods of raw material stock control • production scheduling, methods of ensuring effective provision of a service <p>Method(s) for recording</p> <ul style="list-style-type: none"> • sales • paying suppliers and bills • payment from customers
<p>5 Carry out a presentation to pitch a proposal for the new business venture to a key stakeholder</p>	<p>Key stakeholders:</p> <ul style="list-style-type: none"> • banks or other financiers or • potential customers or • potential employees or colleagues or • potential shareholders or co-owners <p>Presentation to include:</p> <ul style="list-style-type: none"> • details of proposed venture • benefit of involvement for the potential stakeholder • supporting information (eg business plan, market information)

Assessment

This unit is centre-assessed and externally moderated.

In order to achieve this unit candidates must produce a portfolio of evidence showing that they can meet all of the assessment objectives. All assessment objectives are based on a single business venture devised by an individual candidate or a group of candidates.

Candidates should be encouraged to present their work in a format that would be acceptable in business.

Portfolios of work must be produced independently. They will need to be made available, together with witness statements and any other supporting documentation, to the OCR Visiting Moderator when required.

Centres must confirm to OCR that the evidence produced by candidates is authentic. An OCR Centre Authentication Form is provided in the Centre Handbook and includes a declaration for assessors to sign. It is a requirement of the QCA Common Criteria for all Qualifications that proof of authentication is received.

Guidance on assessment and evidence requirements

An OCR model assignment is available for this unit and can be downloaded from our website: www.ocr.org.uk and can also be found in the Model Assignments folder on this CD Rom. OCR has also produced a Tutor's Support pack for this unit, which can be purchased from OCR Publications.

All assessment objectives are based on a single business venture devised by an individual candidate or a group of candidates. Candidates would be advised to give an introduction to their proposed business venture; therefore setting the scene for the assessment objectives that follow.

For Assessment Objective 1 candidates' primary and secondary research must focus on the business environment as outlined in the knowledge, understanding and skills. The research findings must be related to the proposed business venture.

For Assessment Objective 2 candidates should select a minimum of two different types of business ownership which would be suitable for their chosen business venture. They must then recommend the most appropriate type of ownership, clearly stating the reasons why.

For Assessment Objective 3 candidates must carry out research and produce a business plan which includes the following sections:

- Marketing
- Finance
- Human Resources
- Materials and Equipment.

The business plan for Assessment Objective 3 is an extensive piece of work. The key here is the choice of venture. If it is too complex the candidate will not be able to develop a realistic business plan. However, if the venture is too small in scale they could limit their coverage for Assessment Objectives 3 and 4. Careful choice and thought must be given here to keep the idea simple enough for candidates to be able to construct a realistic business plan but extensive enough to meet the knowledge, understanding and skills for both assessment criteria in Assessment Objectives 3 and 4. Not all of the knowledge, understanding and skills will apply to the candidate's chosen business venture.

For Assessment Objective 4 candidates must describe the operational systems as outlined in the knowledge, understanding and skills which are appropriate to their selected business venture.

For Assessment Objective 5 candidates must clearly identify the stakeholder the presentation is to be aimed at. The presentation must include:

- details of the proposed venture
- benefit of involvement for the potential stakeholder

- supporting information (eg business plan, market information).

The presentation must be conducted in a manner so as to meet the requirement that the presentation be aimed at interesting potential stakeholders to 'buy-into' the project. To this end the audience must be prepared to perform and ask such questions as might be expected from an audience of stakeholders. Centres may wish to invite representatives from external organisations to be part of the audience in order to make this element of the unit as realistic as possible.

Candidates may work on this assignment in groups but they must produce independent evidence. Great care must be taken to ensure that each candidate produces their own ideas and plans.

Different forms of business ownership have already been studied in Unit 1 and candidates should be able to extend this learning and relate it to their own new business venture. To cover part of the feasibility study candidates should clearly state how they have arrived at their sales and expenses figures for their cash flow forecast. The feasibility study should also reflect back to the primary and secondary research undertaken in Assessment Objective 1. The potential profit and loss account must be related to the cash flow forecast produced. When looking at the labour market the evidence could be linked back to the employment/unemployment rate of the candidates' local area.

The presentation must be evidenced with the use of either a video, audio tape, or a detailed witness statement explaining the content of the presentation. It would also be useful to note to whom the presentation was pitched. If questions have been asked they must be recorded alongside the candidate's answer. The candidate should also include any images, notes or other relevant documentation used during the presentation.

Signposting to Key Skills

- ✓ The unit contains opportunities for developing the Key Skill, and possibly for generating portfolio evidence, if teaching and learning is focused on that aim.

Key Skill reference		Key Skill reference		Key Skill reference	
C2.1a	✓	ICT2.1	✓	N2.1	✓
C2.1b	✓	ICT2.2	✓	N2.2	✓
C2.2	✓	ICT2.3	✓	N2.3	✓
C2.3	✓				

Mapping to National Occupational Standards

Occupational Standards	Unit number	Title
CfA	210	Research and report information
SFEDI - Exploring Enterprise Occupational Standards Level 2	Unit 5	Explore how to start and run a business

Resources

This section provides suggestions of suitable resources. The list is neither prescriptive or exhaustive, and candidates should be encouraged to gather information from a variety of sources. Some suggested resources are intended for Tutor use. The resources in this section were current at the time of production.

Books

Gardner, John (2000)	<i>Business for Intermediate GNVQ 2nd Edition</i> Nelson Thornes
Hough, Karen et al (2005)	<i>OCR National Level 2 Business</i> Heinemann
Huggett, Rene (2003)	<i>GCSE Business Studies</i> Collins
Nuttall, Chris J (2004)	<i>OCR Level 2 National Certificate in Business</i> Nelson Thornes
Williams, Sara (2003)	<i>Lloyds TSB Small Business Guide</i> Vitesse Media plc
Wood, Frank & Sangster, Alan (2002)	<i>Business Accounting 1</i> FT Prentice Hall

Websites

NOLO Law for all – <http://www.nolo.com/>

Young Enterprise – <http://www.young-enterprise.org.uk/>
Information on Young Enterprise programmes.

Grading

Assessment Objective	Pass	Merit	Distinction
<p>All assessment objectives are based on a single business venture devised by an individual candidate or a group of candidates. Candidates would be advised to give an introduction to their proposed business venture therefore setting the scene for the assessment objectives that follow.</p>			
<p>AO1 Research and describe the current business environment relating to the proposed business venture</p>	<p>Candidates will show evidence of limited research conducted with basic descriptions of the business environment associated with the proposed venture</p>	<p>Candidates will show evidence of sound research conducted with clear descriptions of the business environment associated with the proposed venture</p>	<p>Candidates will show evidence of extensive research conducted with comprehensive descriptions of the business environment associated with the proposed venture</p>
<p>AO2 Describe the different forms of business ownership suitable for the proposed new venture and recommend the most appropriate</p>	<p>Candidates will describe the different types of business ownership in basic terms. The recommendation will be supported by limited justification</p>	<p>Candidates will describe in detail the different types of business ownership. The recommendation will be supported by sound justification</p>	<p>Candidates will provide comprehensive descriptions of different types of business ownership. The recommendation will be supported by thorough justification</p>
<p>AO3 Research and present the information required to construct an outline business plan</p>	<p>Candidates will produce an outline business plan based on limited research</p>	<p>Candidates will produce a clear business plan based on sound research</p>	<p>Candidates will produce a coherent business plan based on extensive research</p>
<p>AO4 Describe the operational systems needed to make the intended business successful</p>	<p>Candidates will demonstrate they understand operational systems at a superficial level</p>	<p>Candidates will demonstrate they have a clear understanding of the operational systems relevant to their own business venture</p>	<p>Candidates will demonstrate they have a comprehensive understanding of the operational systems relevant to their own business venture</p>
<p>AO5 Carry out a presentation to pitch a proposal for the new business venture to a key stakeholder</p>	<p>Candidates will present a proposal to a nominated stakeholder using suitable materials. The presentation will be clear, largely free from error, and suitable for the audience for which it was designed</p>	<p>Candidates will present a proposal to a nominated stakeholder using suitable materials. The presentation will be well structured, free from error, and fully inform the audience of their proposed business venture</p>	<p>Candidates will present a proposal to a nominated stakeholder using suitable materials. The presentation will be well structured, fully justified and will secure the 'buy-in' of the audience</p>