

**MODULE
BUSINESS ORGANISATION & ENVIRONMENT**

**BUSINESS
ADVANCED LEVEL**

Business Organisation & Environment [Advanced]
 ACTIVITIES: COMPETENCE CRITERIA MAPPING:

AO	CC	Activities																									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
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Detailed descriptions of the Competence Criteria for this module are given in the syllabus. Please refer to the syllabus when undertaking course activities and assignments.

All \$ amounts in the following activities are quoted in US dollars.

IDEAS FOR COURSE ACTIVITIES AND ASSIGNMENTS

<p style="text-align: center;">Assessment Objective 1.0 Understand and describe the features and objectives of business organisations</p>

This assessment objective has to be the starting point of the unit as it introduces students to what business is about, legal forms of organisations and their objectives, business finance and planning.

Activity 1: Business and Government (group activity)
(Competence Criteria 1.1, 1.2, 1.3, 4.1, 4.2)

Discussion group activities, so long as they are short and time constrained, can help students to develop their ideas. The following statements will give students an opportunity to discuss their arguments and share their views.

*Form a discussion or focus group with three to five members and discuss **one** of the following statements within, say, 30 minutes. The group should feedback its views and conclusions to a class plenary session.*

- 1.1 *The primary role of government is to encourage and help develop a business and enterprise culture.*
- 1.2 *Without a successful business sector the community at large will not have the benefit of good roads, schools and hospitals.*
- 1.3 *The success of an economy tends to be seen in terms of the contribution of larger business organisations and the importance of SMEs (small and medium-sized enterprises) is often overlooked.*

Activity 2: Gulf Engineering Plc (assignment)
(Competence Criterion 1.2)

The focus of this activity is the company's main business objectives. It gives students the opportunity to consider the profit motive.

<p>At a meeting of employees, the managing director, Yahya Mahmood, was asked a number of questions such as: Why didn't the firm have a medical centre for the treatment of industrial injuries? Why didn't the company organise a crèche to enable mothers to work full-time?</p>
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<p>Dr Mahmood replied saying that Gulf Engineering was not a charity and money spent on non-productive activity was wasted. He added that the company's prime objectives were economic survival and to earn 'a good profit'.</p>
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Discuss Dr Mahmood's response to the questions in the context of business objectives

Activity 3: Investment Exercise: Playing the Market (assignment or group activity)
(Competence Criteria 1.1, 1.4)

Students should be encouraged to follow the stock market and see how it reflects current business confidence, the general health of the economy, and reactions to Government policies.

Assume you have \$5,000¹ to invest. Select between three and five publicly quoted companies and then allocate your \$5,000 as you wish.

- 3.1 Track and note the movements of the share prices of your investments over a period of 20 trading days.
- 3.2 At the end of the period calculate your profit or loss.
- 3.3 Compile a simple index (the initial buying price in each case will equal 100) so that you can plot your investments in a graph and achieve a more effective comparison

Activity 4: Features of business organisations (assignment)
[Competence Criteria 1.3, 1.4]

Complete the grid by filling in the boxes (with yes, no, ticks, crosses or brief explanations) so that you can compile an easy reference and comparative chart of the features of business organisations.

Features		Sole Trader	Partnership	Private company	Public company	Cooperative society
Limited liability						
Number of members	Minimum					
	Maximum					
Stock exchange quotation						
Separate legal identity						
Liability in the event of bankruptcy						
Management control or direction						
Ownership						
Voting rights						
Maximum shareholding						
Disposal of shares						
Minimum capital requirement						
Main legislation or regulation under which the business is registered						

Notes:

¹ Quoted in US dollars [all \$ amounts in subsequent activities are also in US dollars]

Activity 5: The Souvenir Business #1 (setting up) (assignment)
(Competence Criteria 1.3, 1.4, 4.2)

Wong Oi-Fan has won \$50,000 in a lottery and has decided it is enough to get her started in a small business. She wants to become a producer and retailer of souvenirs for the tourist market. She wants premises which will provide a shop, small workshop and storage space. In addition to making her own products, Oi-Fan will also buy direct from local and independent producers and artists. She has sought no advice except her own! Her costings indicate she can set up business and survive for about 18 months before worrying about getting her investment back.

She has found premises and now has a list of contacts who can produce the goods for her. Oi-Fan believes she cannot really fail. Her father and aunt want to encourage her but they think she is not being prudent enough. Has she considered the future of the tourist market? What if she gets the pricing and supply wrong and makes a loss bigger than her resources?

You are a business adviser and Oi-Fan will listen to you. Advise her on what factors she should consider in setting up her business, e.g. legal form of organisation, business plan, nature of the tourist market and so on. It would help Oi-Fan if you could compile a checklist of the issues with each item briefly explained.

Activity 6: The Souvenir Business #2 (Finance) (assignment)
(Competence criterion 1.4)

Wong Oi-Fan is already looking ahead to a successful business and thinking about the possibility of future expansion. She was told by the owner of a small business to finance any expansion out of ploughed-back or retained profits.

As her business adviser explain to Oi-Fan

- 6.1 *what ploughed-back or retained profits are, and*
- 6.2 *the benefit of developing this internal source of capital.*

Activity 7: The Souvenir Business #3 (Financial records) (assignment)
(Competence Criterion 1.5)

Wong Oi-Fan has admitted that she knows very little about bookkeeping and accounts and has asked you, as her business adviser, to explain or describe the following terms.

Give brief explanations or descriptions of the following terms:

Term	Description/explanation
Invoice	
Credit note	
Double-entry bookkeeping	
Day-book	
Bank reconciliation	
Credit transaction	
Petty cash voucher	

Activity 8: Mission statement (assignment)
(Competence Criterion 1.6)

It has become quite usual for larger businesses and public service organisations to adopt mission statements.

- 8.1 *[If possible] collect two or three mission statements from business, charitable, and non-commercial organisations;*
- 8.2 *Explain what a mission statement is;*
- 8.3 *Suggest what value you think a mission statement has among employees and clients;*
- 8.4 *Write a mission statement for an organisation known to you [e.g. your college, employer; club] OR for your prospective business.*

<p>Assessment Objective 2.0 Investigate and explain the internal structure of business organisations</p>

Having identified business organisations and their objectives the student needs to focus on internal business arrangements e.g. structure, leadership, motivational methods, communications.

Activity 9: Organisational structure (assignment)
 (Competence Criterion 2.1)

Students should investigate a business known to them and then draw up its organisational chart. This could prove to be an extensive exercise in itself so 9.3 and 9.4 may well be optional.

- 9.1 *Draw up a structure, i.e. an organisation chart, of a company that is familiar to you or one which will offer you the relevant information. This organisation may be your school, college, or employer (it doesn't matter whether you are full or part-time), or a family business.*
- 9.2 *When you have completed the structure identify its type, e.g. hierarchical, matrix etc.*
- 9.3 *Suggest whether or not you think the structure is appropriate for the organisation, especially in terms of communication and clarity of roles.*
- 9.4 *Set out in a list the purposes of an organisational structure.*

Activity 10: Leadership styles (assignment)
 (Competence Criterion 2.2)

It is quite common these days for business people or senior managers to be described by their leadership style.

Identify and describe the following four examples of leadership style.

Leadership Style	Features
Authoritarian	
Democratic	
Paternalistic	
Laissez-faire.	

Activity 11: Motivational theory (assignment)
[Competence Criterion 2.2]

This simple exercise enables students to become aware of the more familiar motivational theories.

11.1 Match each of the following motivational theories with its author or inventor

Theory	Author or inventor
<i>Hierarchy of needs</i>	<i>Taylor</i>
<i>Rational-economic theory</i>	<i>McGregor</i>
<i>Theory of social needs</i>	<i>Herzberg</i>
<i>Theory X & Theory Y</i>	<i>Maslow</i>
<i>Two Factor theory</i>	<i>Mayo</i>

11.2 Explain briefly what each theory means. Provide business examples of the behaviour or motivational theory where possible.

Activity 12: Theories X and Y at Celestial Design (assignment)
(Competence Criterion 2.2)

The senior leadership team of Celestial Design is trying to update the company's human resources policy but there is a difference of opinion about what the management's attitude should be towards the employees. There are two directors who dominate the senior leadership team: Maria Lundquist who supports Theory X and Ari Ichikawa who firmly supports Theory Y.

12.1 Explain, in your own terms, just what Theories X and Y means.

12.2 Indicate, with the reason(s), which one you would adopt if you were a company executive.

Activity 13: Communications in The Rainbow Games Company (assignment)
(Competence Criteria 2.2, 2.3)

Ruth Mapurengo, the new Managing Director of The Rainbow Games Company, is keen to introduce new ideas and has particularly asked for a constant flow of comments and suggestions from all members on the payroll. In short, she wants a regular feedback, even criticisms, on business proposals.

13.1 Explain what method(s) you would employ to encourage employees to contribute their ideas, and to what extent, in your opinion, can the structure of a company encourage or dissuade communication?

13.2 Describe what you believe are the objectives of internal communication.

13.3 Draw up two lists, one containing five examples of oral or verbal communication and one containing five examples of written or textual communication.

Assessment Objective 3.0
Investigate and compare employment arrangements in business organisations

This area of the module looks at the structure of employment, nature and conditions of work, the nature of the work base, and the expectations of both employers and employees.

Activity 14: Basiron Automotive (Case Study)
(Competence Criteria 3.1 3.2)

Basiron Automotive has been undertaking an annual assessment of its costs and has come to the conclusion that certain activities are not cost-effective, i.e. they do not offer value for money or contribute to profitability. It has been decided to buy-in certain services i.e. to employ outside contractors to undertake the catering, cleaning and maintenance.

Business is never stable. There are few companies that can rely upon exactly the same output week after week or are unaffected by external factors. The human resources department has suggested that the company would benefit considerably if only *'the workforce was more flexible'*. In fact, the company has grown and become much more efficient over the past ten years. At the end of its first year there were 60 employees producing a total annual output of 6,000 components. In year 7 the number of employees had risen to 700 when the output was 630,000. Now there are 500 employees producing 700,000 components.

The company makes extensive use of computer technology. All executive and sales staff are equipped with laptops so that when they are out or away on business they are expected to keep in touch with headquarters. This has given the human resources director the idea that some staff only need to come into work one day a week and can, given appropriate equipment and support, work at and from home. After all, their work can be monitored at any time and it is bound to save on costs. In some countries home or teleworking is developing fast and some say it won't be long before it is a regular feature of employment.

- 14.1 *Explain what advantages you think the company expects from its decision to employ outside contractors for some of its work.*
- 14.2 *Discuss how this might affect the remaining staff.*
- 14.3 *Explain the advantages of teleworking to:*
 - (i) *the employer*
 - (ii) *the employee.*
- 14.4 *You have just been told to draw up a proposal to show that a flexible workforce would help make the company more competitive and reduce ever-rising labour costs.*
 - (i) *Set out your ideas by defining what you understand by a flexible workforce*
 - (ii) *Discuss examples of flexibility*
- 14.5 *Explain what you think has happened in this company, i.e. to the nature of the workplace, employment and training.*

Activity 15: Employment Rights and Responsibilities (Role Play exercises)
(Competence Criteria 3.1, 3.2, 2.3)

Each case study requires the participation of two students: one to act as a manager and the other as an employee. Students should prepare their cases beforehand and come together in an interview situation to explore and discuss the issues. The role play should be performed in front of the other class members who will act as observers and express opinions on the case afterwards. Students should keep notes on the issues raised and discuss possible solutions.

15.1: Jade Chemicals

Mohammed Hussain always seems to know what's going on in Jade Chemicals and he spreads the word before any official announcements are made. A serious leak of information recently affected the share price adversely.

Mohammed is what the company calls a 'general operative'. This means he cleans, does odd jobs, delivers mail to departments, and prepares refreshments for the executives and their meetings. He is able to go anywhere in the company without question. He is virtually invisible and no-one, not even directors in board meetings, pays any attention to him. In his job he overhears meetings and conversations, and reads documents on desks and the contents of wastepaper baskets. Management have found out about his activities and dismissed him.

The company view is that Mohammed had a position of trust which he regularly abused. Mohammed has been granted an interview at which he will appeal against the decision. He defends his actions on the grounds that he has played an important role in informing staff of the internal and sometimes secret decision-making in the company. The staff have no formal way of finding out what is going on because the structure and leadership of the company do not encourage communications.

15.2: Bhatiani Travel Agency

The Bhatiani Travel Agency wants to update its corporate image. All employees dealing with the public will wear the company uniform: men will be in Italian-styled suits with silk shirts and ties, and the women will dress in almost the same way except they will wear knee-length skirts instead of trousers. There is general approval for the new look but some of the women are unhappy because they have not been offered the option of trousers and some want to keep their heads covered. The company is adamant that there will be no deviation from the newly adopted dress code and has threatened disciplinary action if anyone disobeys. Shubnam has been appointed to speak for those women who feel the policy is unreasonably discriminatory. She is prepared to wear a company uniform so long as she can wear long clothes and keep her head covered. She has an interview to attempt to convince management to respect the wishes of those she represents.

15.3: Peninsular Textiles

Peninsular Textiles does not encourage any type of employee representation. The official view is that the company does what it can to look after its employees and there is the clear implication that management knows best. Hassan Bassidiq has only been with the company for a few weeks and in his previous job he was an active trade unionist. He wants to put the case for introducing, either a union or some form of association or other means of employee representation and participation. He has noted, just by way of interest, that the company belongs to a trade federation which regularly lobbies the government.

15.4: Radwani Engineering

There is a growing number of minor accidents in Radwani Engineering and Jawad has received several injuries in the course of his work. Most of the machines are not fitted with any kind of protection and Jawad believes it is only a matter of time before a serious, even fatal, incident occurs. He is a loyal employee and not given to causing trouble but he feels strongly that something must be done to protect employees using dangerous machinery. The company says that employees know the risks when they take on the jobs and if they are injured then it is a case of contributory negligence, i.e. their fault. Jawad has a meeting with the Production Manager to discuss his concerns.

Assessment Objective 4.0
Research and discuss the influence of the environment on business organisations

This aspect of the unit is potentially the largest in terms of the issues that could be discussed. It is imperative that students are aware that business operates in a dynamic environment which these days is not just local, but national and global.

Activity 16: Othman Industries & Palm Oil (assignment)
 (Competence Criteria 4.1, 4.2, 1.2, 5.1, 5.2)

The total world consumption of palm oil is about 100m tonnes a year and by 2020 it is expected to be about 120m tonnes. It is a competitive market as palm oil has to compete with about 16 other oils. Othman Industries is a major producer of palm oil and has done well out of a previously buoyant market but now circumstances are changing. The managing director forecasts that output of palm oil will continue to rise despite falling export earnings.

- 16.1 *Suggest why export earnings are falling.*
- 16.2 *Advise Othman Industries on a policy it could follow which would assist it to survive in the palm oil market.*
- 16.3 *Identify, if anything, what you think the government could or should do to help this important export earner.*

Activity 17: Economic systems (assignment)
 (Competence Criterion 4.1)

The economy of a country falls under one of these headings: planned, market or mixed.

Enter in the grid one argument for and one against each of the three forms of economy.

Type of Economy	Argument FOR	Argument AGAINST
Market		
Planned		
Mixed		

Activity 18 Transworld Corporation (Case study)
(Competence Criteria 4.2, 4.3)

Business enterprises need to understand the importance of location to their type of business.

- 18.1 *Using your knowledge of the geography of your country and the nature of the economy, you are well placed to advise an entrepreneur where to locate a business.*
- (i) *Choose an appropriate product or service (you must make this decision within the context of your country so as make an appropriate choice because the business has to survive).*
 - (ii) *Identify the incentives your government might give to attract this new business.*

Transworld Corporation is considering re-locating its main production site. The Board has canvassed opinion amongst its senior leadership team to identify their requirements for the new site.

The human resources manager is not keen on a move having spent much time with local colleges establishing a staff training programme. She is also worried that a move would cause many valuable production staff to leave.

Both the finance manager and the marketing manager are in favour of the move as it will release substantial capital for the business and bring the site closer to its main markets.

The production manager would also be in favour of a move if it allows the company to buy more land on a cheaper site. He feels this would create a welcome opportunity to reorganise the production line and give him significant economies of scale. However, he warns against moving too far away because of the implications this will have on both his staff and his suppliers.

The final decision taken by the directors involves moving to a purpose-built site 70km away from the present one.

- 18.2 *Identify the problems each of the managers might encounter as a result of this move.*
- 18.3 *Suggest why the directors made that decision and explain what it says about the objectives of the business.*

Activity 19: Ethical dilemmas (group activities)
(Competence Criteria 4.1, 4.2, 4.3, 1.1, 1.2)

The following cases are concerned with business environmental influences, location, and objectives.

Form a discussion or focus group of three members and then discuss each of the following cases. Allocate just 10 minutes to each issue and then feedback your views and conclusions to a class plenary session.

19.1 Pollution

A local company, the main employer in the region, pollutes the atmosphere and local waterways. There is concern about the water supply and anxiety about a decline in the general standard of health in the surrounding villages. The company argues it is providing work and earning much-needed export \$ for the economy. The public relations officer says: 'You can't have industry without some inconvenience. The choice is between this and subsistence farming and poverty.'

19.2 Ethical Trading

The Chairman of a major holding company was recently quoted in the press as saying 'any business is better than no business'. A group of investors feel that the company should adopt an ethical approach to its activities and investment decisions. As far as this group is concerned, the company should not invest or engage in, for example, alcohol and tobacco production, manufacture of weapons, and companies or countries employing child labour.

19.3 Pressure Groups

A feature of recent times is the number of pressure groups (or special interest groups) that have become established. Some are worldwide like Greenpeace, whilst others, no less effective in their way, are much more localised. Some demonstrations by pressure groups have impacted on governments and major companies. A leading spokesman of a business federation declared, 'I don't know why there has been such a growth in pressure groups. People just seem to be so dissatisfied with what we do for them. In any case the groups should not interfere in matters they do not understand.'

19.4 Politics

A well-known politician and businessman, Obadiah Kipketer, appeared in a recent debate on television. During the programme, when pressed about the role of politics, he said, 'In my view people should only vote for representatives who have a strong business background and that means supporting a political party committed to the furtherance of business, and therefore national, interests. No country in this day and age can afford to be led by amateurs, however clever!'

Activity 20: Business and the external environment (group activity)
(Competence Criteria 4.1, 4.2, 1.2)

Organise a visit to a company for you and a group of fellow students. The object of the visit is to discuss with a senior manager how the company responds to influences within the business environment. It is essential that you prepare your enquiry carefully before the visit.

- 20.1 *Contact a business that is involved in export and/or import trade and provide full and clear reasons for your request.*
- 20.2 *Organise your group, which should not be larger than five or six including yourself.*
- 20.3 *Brief your group before you make the visit and agree the questions and issues you will want to raise.*
- 20.4 *On your return organise a group presentation to the class to share the information you have. Provide a one page fact-sheet on the effects of the external environment on the company.*

Assessment Objective 5.0
Investigate and understand the relationship of the business to its markets

Business survives by exploiting markets, getting the price right, and creating satisfied customers. Without a market for the products or services an organisation generates, there is no business. Students should be encouraged to think critically about business relationships with the market.

Activity 21: G & M Protective Clothing Company (assignment)
(Competence Criterion 5.1)

A year ago Khaled Goni and Ataul Meah set up 'G&M' to manufacture protective clothing mainly for the construction industry. At the moment they are concentrating on just three lines: industrial footwear, dayglo yellow 'Hi-Vis' jackets, and hard hats.

They argue that at any one time in the world there are lots of properties which have to be demolished, renovated, extended or built, so there should be no shortage of a market. Even the emergency services need their products.

They have been going for 12 months and have a small but respectable domestic market but they are now keen to obtain overseas orders. Goni and Meah reckon that with low production costs and a positive marketing attitude they can do very well. They understand business, but they have retained you to advise them on their marketing strategy.

Bearing in mind the product and the target industry, advise G&M on a marketing strategy comprising the research, marketing mix and planning needed to boost their sales.

Activity 22: Promotional strategies (assignment)
(Competence Criteria 5.1, 5.2, 5.3)

- 22.1 *Visit a major retail establishment, e.g. one of the larger supermarkets or a department store, and make a list of their sales promotional activities and any methods used by the business to attempt to retain customer loyalty.*
- 22.2 *Obtain the sales literature from a car dealer, TV or computer manufacturer, and then identify what you understand to be the main selling points. Give your opinion on the material as a marketing tool.*
- 22.3 *Create a slide for a presentation, with presenters notes, which identifies the selling points identified above and their effectiveness.*

Activity 23: Fixed and Variable Costs (assignment)
(Competence Criteria 5.2, 1.4)

23.1 Allocate the following costs under the headings of fixed or variable cost:

rent, insurance, heating, depreciation, wages, raw materials, packaging.

<i>Fixed cost</i>	<i>Variable cost</i>

23.2 Some costs may be regarded as semi-variable, i.e. they contain features of both direct and indirect costs. Consider why heating, telephone and labour costs could be considered semi-variable.

Activity 24: Suharto Electronics (assignment)
(Competence Criteria 5.2, 1.4)

Knowledge of break-even analysis helps students to develop an understanding of the relationship between costs and prices. Financial matters are dealt with in more detail in the Business Finance module, which students may wish to consult to improve their understanding of the financial aspects of setting up and running a business.

Suharto Electronics is a hi-tech firm. It is young but has already developed a successful computer game which sells 70,000 units annually at \$18 each. Suharto's fixed costs are \$900,000, with unit variable costs at \$1.90.

24.1 Use an appropriate method, e.g. break even chart or contribution method, to calculate the break-even point for Suharto (both in terms of number of games and \$ sales).

24.2 Supposing fixed costs are reduced by 5% but variable costs rise by 10%, calculate the new break-even point (number of games and \$ sales).

Activity 25: Pricing strategies (assignment)
(Competence Criteria 5.2)

25.1 Here is a list of various pricing methods and strategies. Place each one under the appropriate heading in the grid below:

penetration; destroyer; close bid; absorption; skimming; customer value; contribution; going rate; cost-plus; price discrimination; discount and sales.

<i>Cost-based pricing</i>	<i>Market-led or oriented pricing</i>	<i>Competition-based pricing</i>

25.2 Choose one method or strategy from each of the three categories in the box and explain what it is.

25.3 List, with brief reasons, at least five factors or influences, which may affect the pricing decision(s) of a business.

25.4 List business examples of the pricing strategies identified in 26.1

Activity 26: East-West Trading (assignment)
(Competence Criterion 5.3)

For several weeks the sales staff of East-West Trading have been attempting to deal with some very difficult customers who have been very rude and difficult. Some have made almost impossible demands regarding delivery dates, styling, colour, prices and contract terms. As a result the sales staff have been put under a lot of pressure. It has now been revealed that the 'customers' were actors hired by the managing director and that some of the abusive telephone enquiries were actually conducted by the MD herself.

At the annual company sales conference held only last week the MD was asked the inevitable question, 'Why did you do this to us?' The MD stared at the questioner and said, 'I ought to sack you for asking that question. We are in a competitive world and my reasons ought to be obvious to everyone - including you!'

26.1 In the context of customer service, explain the Managing Director's actions.

26.2 Get into a group of three or four people.

- (i) Discuss examples of good and bad customer service which the group has experienced.
- (ii) Identify how good customer service may have helped to promote business.
- (iii) Identify how complaints were dealt with.

26.3 Using the information from your discussion groups provide a checklist which shows how to deal positively with difficult customers, complaints, refunds or replacements.

MODULE
EFFECTIVE BUSINESS COMMUNICATION

BUSINESS
ADVANCED

**EFFECTIVE BUSINESS COMMUNICATION [Advanced]
ACTIVITIES: COMPETENCE CRITERIA MAPPING**

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IDEAS FOR COURSE ACTIVITIES AND ASSIGNMENTS

Assessment objective 1.0
Understand the business communication process

This element focuses on the communication process. Whilst the theory has to be taught, the practical applications can be better understood by inviting visiting speakers and organising visits to companies to find out about their communications issues.

Activity 1: Communications (assignment)
Competence Criteria 1.1, 1.2

Investigate a company, your college or school in order to review the organisation's communications.

- 1.1 *Identify the most common causes of any poor communications within the organisation and their consequences.*
- 1.2 *Identify what action the management could take to prevent poor communication.*
- 1.3 *Describe the different methods and routes of communication used by the management of the organisation.*

Activity 2: Two-way Communication Methods (assignment)
Competence criterion 1.2

- 2.1 *Explain what is meant by two way communications.*
- 2.2 *Describe the purpose and identify one advantage of each of the following methods:*
 - (i) *team meetings*
 - (ii) *quality circles*
 - (iii) *briefings*
 - (iv) *seminars*

Activity 3: TELE-CONFERENCEING (assignment)
Competence criterion 1.2, 1.3

The Aztec Design Company operates in 16 countries and it is necessary for the executives to be in frequent contact with each other. The company has now installed TV/Video conferencing facilities. The time difference between Aztec's most western and most eastern located offices is 10 hours.

- 3.1 *Explain the advantage to Aztec Design of installing tele-conferencing.*
- 3.2 *In respect of the executives, suggest:*
 - (i) *one advantage of the system, and*
 - (ii) *one disadvantage.*

Activity 4: COMMUNICATION TERMS (assignment)
Competence criterion 1.3

Explain the characteristics of the following forms of communication:

- (i) *Non-verbal communications*
- (ii) *Metacommunications*
- (iii) *Paralanguage*

Activity 5: ELECTRONIC COMMUNICATIONS (assignment)
Competence criteria 1.4, 2.4

- 5.1 *Choose any application of electronic communications within your company, college or school, and write a report on its advantages and disadvantages.*
- 5.2 *Log on to a website of your own choosing and write a short report on its presentation, usability, accessibility, navigation and the relevance of the information.*

Assessment Objective 2.0 Produce effective written documentation

Appropriate written communication is vital to any business. It is important that the students are informed of the different styles of language that can be used in any written document. Tutors may choose to use model examples to help students appreciate the need for professionalism in their communications.

Activity 6: WRITTEN CONFIRMATION (assignment)
Competence criteria 2.1, 2.3

Farhad has just had a meeting with his line manager, who wanted to know why a certain task allocated to Farhad's team was not done. In his defence Farhad said that the team member had appeared to understand the instructions and what was required when given the task. The manager tells Farhad that in future he must always follow up a verbal instruction with written confirmation.

Explain why you think the manager wants Farhad to confirm all instructions in writing.

Activity 7: WRITING MEMORANDA (assignment)
Competence criterion 2.2

The structure of a memorandum is not quite the same as that of a business letter even if the subject matter is the same. Memoranda are generally thought to be internal communications. Each of the following cases refers to situations in Parvez Solutions, a large electronics company.

7.1 *The managing director is concerned about the security of internal communication. Recently confidential information about the company's research and development programme has been leaked to one of its leading competitors.*

Write a memorandum to all heads of department, outlining the need for security of all paperwork, electronic mailings and verbal communications.

7.2 *You are the human resources manager and want to set up the regular monthly meeting of managers and supervisors from the production division. The meeting is in the diary for Thursday of next week at 08.00 in the training room. The meeting will be terminated at 10.00 regardless of whether or not all the business has been conducted. Items for the agenda should be in your hands no later than three days before the meeting.*

Write a clear and uncomplicated memorandum for circulation to the managers and supervisors of the production division.

7.3 *The Managing Director is unhappy about the appearance of some members of staff. The company dress code is flexible but she does not like to see employees who are untidily dressed especially those who may meet clients and members of the public. Men should not wear long hair or ear-rings. There is concern, too, that some of the female staff do not dress with appropriate modesty*

Bearing in mind just how sensitive this issue might be, write a memorandum for circulation to all staff about the managing Director's concerns.

Activity 8: LETTER WRITING (assignment)
Competence criteria 2.1, 2.3

You are the chief buyer for Food Delights, a supermarket company in the UK and known for the excellence and choice of the produce it sells. The head office is located at Mensa House, Hills Road, Cambridge CB1 2EU. The company imports a lot of its delicacies.

Recently, a large consignment of fish products arrived from the Far East and on inspection proved to be unacceptable. Much of the consignment was in the early stages of decay. The supplier, Oriental Culinary Adventures, is reliable and such an incident has not happened before. You sent an email to the supplier but the Managing Director was on holiday. A reply came from someone else who told you that as all food products are perishable you could not claim against the company. Oriental's head office is at 220 Lockhart Road, Causeway Bay, Hong Kong.

As Oriental's products are very popular with your customers you still wish to continue selling them. You want the damaged stock replaced quickly and some gesture of compensation for loss of sales. You are also concerned about the company's apparent refusal to accept liability.

8.1 *Compose a letter of complaint to Cheung Chu-wen, the managing director of Oriental Culinary Adventures, expressing your dissatisfaction with the current situation.*

Cheung Chu-wen, the managing director of Oriental Culinary Adventures, takes your letter very seriously. Your company is a loyal customer and he is very unhappy that a consignment arrived in a damaged state. He is currently investigating both the cause of the problem and the advice you received. He is prepared to make you an offer in order to maintain your custom and goodwill.

8.2 *Compose a suitable reply from Cheung Chu-wen to you.*

NB: the letters should conform to accepted standards of business letter writing.

Activity 9: BUSINESS REPORTS (assignment)
Competence criterion 2.4

Obtain the Annual Report and Balance Sheet of a publicly quoted company. Examine the report in terms of its presentation, clarity of language and illustration, house style, and accessibility. In particular consider whether or not the balance sheet can be readily understood by a non-accountant. Write up your views in a short report.

Activity 10: PRESS RELEASE (assignment)
Competence criteria 2.5, 2.1, 1.1

Ramposa Engineering is reorganising the company and the Board has decided to close down one of its factories employing 1200 people. About 300 will be found alternative employment in the company; 100 will go to an associate company; 200 are within five years of retirement and the company will pay their pensions early; the remainder will be offered very generous redundancy terms; and the process of closure will take place over a period of 8 months.

Unfortunately details of the company's decisions have been leaked and distorted. The workforce and the local community believe that: everyone will be sacked; only a month's pay will be paid as the redundancy payment; the total closure will take place almost immediately; the older employees will lose their pensions; and that other factories in the company are about to be closed.

Bearing in mind that many people have misinterpreted the situation, write a press release clearly explaining the company's proposals

Assessment Objective 3.0
Identify the characteristics of effective group communication

All employees are involved at one time or another in group or team activities. This objective seeks to investigate the characteristics of group effectiveness and rules. Students are also directed to consider the organisation of successful meetings.

Activity 11: EFFECTIVENESS OF GROUPS (group discussion)
Competence Criteria 3.1, 3.2

One useful way of understanding group effectiveness is to use your own experience of membership of a club or a team OR your observation of a team in action.

11.1 *Form into teams of six people. Appoint one person as an observer. Using the items given in 11.2., the observer will report back on the effectiveness, or not, of the group discussion*

11.2 *In a group of five analyse a group/team of your choosing. Consider the effectiveness of a group known to you. This group could be, for example, a professional football team, your class, the team you are in at work, a club or society. Analyse the chosen group under the following heads:*

- (i) *attributes of the group,*
- (ii) *its function or purpose,*
- (iii) *the leadership order,*
- (iv) *its attitude and behaviour,*
- (v) *any conflicts or tensions within the group,*
- (vi) *the group's effectiveness.*

Activity 12: ROLE PLAY EXERCISE IN CONFLICT RESOLUTION (case study)
Competence Criteria 3.1, 3.2, 3.3, 4.1, 4.2, 4.3

The Background

Gaborone Beauty Products is a medium-sized private company employing 430 workers and manufacturing a range of beauty aids for the female market. In the last decade, the company has grown rapidly with profits increasing by more than 20% annually. This growth has been achieved by the company's strategy of supplying well-designed products aimed at the middle range of the market.

Recently, it has been experiencing considerable competition from other manufacturers and has tried to combat this by developing their export markets and reducing costs. During its growth, the company has experienced no industrial relations problems although recently some of the workforce have been expressing a few grievances.

The managing director keeps a regular eye on the levels of overtime worked. In her last meeting with the production manager, she mentioned her concern that the level of overtime worked by the five-man maintenance team had been rather high during the last six months. She queried the matter and asked the production manager to check that overtime was not being abused.

The following morning, the production manager called the maintenance supervisor into his office and told him that the company wanted to clamp down on unnecessary overtime. No overtime could be allowed without the production manager's personal authorisation. The supervisor suggested that the maintenance men had come to depend on a certain amount of overtime in their take-home pay. Besides, some machines could only be repaired outside normal working hours.

At lunch that day, the maintenance supervisor informed his men that management had decided that from now on overtime would no longer be worked. After a heated discussion in the works canteen, the men went back to work after lunch, still complaining angrily about the new ruling.

Ten days later, one of the machines broke down in the midst of producing a large export order for an important new overseas customer. The supervisor allocated two reliable men to fix the machine urgently. At the end of the day, the production manager found out that the men had gone home at 5 pm leaving the machine half repaired despite being asked to work on and finish it. When the production manager insisted that he wanted the machine repaired straight away otherwise the important export order would not be ready for shipment on the agreed date, the maintenance supervisor told him that the men were not prepared to work overtime because of the company's new 'overtime ban'.

The brief

In groups of five, you are asked to role-play the situation in the managing director's office the next day. Read all the descriptions below of the characters and then decide which role you want to play. You will need to act your role bringing out your side of the story in relation to the other people involved. **The group's eventual aim is to resolve the dispute.**

Role descriptions

The Managing Director

She bought the company 15 years ago when it was struggling. She is a hands-on MD and highly respected by the workforce though they see less of her nowadays as the company has expanded.

The Production Manager

He is loyal, works long hours and is ambitious. He aims to be a director of the firm one day and is keen to show he has a firm grip of things. He worked his way up from the shop floor.

The Maintenance Supervisor

He has been with firm since it started and was already a supervisor when the production manager started as an apprentice with the firm. He is a steady and reliable employee. He prefers the way things were done in 'the old days' and is looking forward to retirement.

Maintenance Team member #1

He has been with the firm for two and a half years. He is good at his job but does not go looking for extra work. He is considered as a lonely man and he never socialises with his workmates. He can be awkward at times.

Maintenance Team member #2

He has been with the firm for twelve years since he joined as an apprentice at 16. He likes the company and is a good worker. He gets on well with everyone.

- 12.1 *Explain why the managing director was concerned about overtime levels.*
- 12.2 *Describe how far the dispute arose through poor communications in the organisation:
(i) downwards from the management to the shop floor, and
(ii) upwards from the shop floor to the management.*
- 12.3 *Explain why there is a need for different communication channels in the firm now compared to when it was a small firm.*
- 12.4 *Explain how the situation might have been stimulated by possible personality clashes between the people involved.*
- 12.5 *Taking each person in turn, describe how far you think s/he was responsible for the dispute which arose.*
- 12.6 *Describe how the dispute was eventually solved in each of your groups.*

Activity 13: THE DELIVERY (assignment)
Competence criterion 3.1

Nazia has just moved into a new flat. She ordered new furniture from the local branch of the Dakha Furnishing Company and was promised delivery not later than 10am the following Tuesday morning. She had to take time off work to receive the delivery at home.

She waited in all Tuesday morning. At 11.30 am she rang the store and was informed that the delivery was on its way. At 12.45 pm she rang again and this time complained since she had to be back at her job by 1.30 pm. The manager was apparently unavailable but she was assured the delivery would be made 'within minutes'. Nazia had to go back to her job

The delivery was finally made just before 5pm. Finding no one at home, the deliverymen left a very rude note complaining that Nazia was not in and suggesting that she made her own arrangements to collect the furniture. When she arrived home at 6.15pm she was angry and the situation was made worse because the store had closed early and she couldn't contact anyone for information and help.

- 13.1 *As the store manager, indicate how you would manage Nazia knowing of her justifiable anger and disappointment.*
- 13.2 *Suggest a way of resolving this conflict between customer and store. On the one hand the customer must be satisfied and on the other the store's reputation must be restored.*
- 13.3 *Explain how you would minimise the prospect of such a problem occurring again.*

Activity 14: CONFLICT RESOLUTION (assignment)
Competence criteria 3.1, 1.2

Your company is falling behind with its orders and has decided to introduce a twilight shift i.e. between 5.30 and 9pm, in an attempt to ensure that a major order is completed on time. Staff will be given a large bonus plus 1½ times the usual hourly rate. At the moment this is just a proposal and it has been decided to talk to the staff about it.

- 14.1 *Explain how you would go about informing staff of the idea and encouraging their feedback.*

You have been approached by a group of staff representatives who demand that the entire workforce of 560 people should vote on the idea and that if there wasn't a clear majority then the management shouldn't introduce the idea.

- 14.2 *Explain how you would respond to this situation bearing in mind that you do not want a breach in staff relations.*

Activity 15: MEETINGS (assignment)
Competence criterion 3.3

In respect of meetings, explain the purpose or role of each of the following:

- 15.1 *Agenda*
- 15.2 *Minutes*
- 15.3 *Secretary*
- 15.4 *Chairperson*

Assessment Objective 4.0
Evaluate interview skills for effective communication

Simulations or role-plays may be helpful in developing the ability to evaluate interview skills. Case studies and short activities can also to enhance understanding further.

Activity 16: ANINI AND MAPURENGO INDUSTRIES (case study)
Competence criteria 4.2, 4.3, 3.1, 3.3

Anini arrived at Mapurengo Industries three hours ago. He had already completed three tests: one on technical knowledge, one on attitude, and one which tested his intelligence. After waiting half an hour, he was told that he had passed and would now have an interview with the personnel manager and the production manager.

While he waited for the interview, Anini reflected on his career so far. He had left school with good qualifications and went to work for a large furniture manufacturer as a packer. He has been there for six years now and has worked his way up to cell leader, supervising a team of twelve packers. He has held this position for three years and feels he is ready for more responsibility. His manager also thinks he is ready for more but has said that there are no promotion opportunities within the company as business is slow.

Anini then started thinking about football. The local team he plays for has a difficult game to play tomorrow. They have all been training seriously as they would like to move up a division next year. In fact Anini had taken a couple of the training sessions and worked everyone hard. At the end everyone said how confident they felt when he took the sessions as he focused on their strengths and tried to improve their weaknesses. He was looking forward to the game tomorrow, but he had to get through this interview first.

This started Anini thinking about the job again. The job that he applied for at Mapurengo Industries is assistant production manager. The job description stated that the job would involve:

- Supervising two cell leaders and their teams of 20 production operatives
- planning the production schedules
- attending meetings
- administration duties for the production manager.

The job advertisement stated that the company wanted a strong team worker, with good communication skills.

The interview lasted for one hour. Although it was tiring, Anini felt he did well and the interviewing panel seemed pleased with some of the answers he gave. They also gave him much more information about the company and the department he would be working in.

Some of the questions that he was asked during the interview were:

- 'What are your current responsibilities at work?'
- 'Tell us why you are suitable for this job.'
- 'Team work is very important here at Mapurengo. Are you a good team worker?'
- 'If a member of your team was not punctual and was also known for having a very bad temper, how would you get them to arrive at work on time?'
- 'How much notice do you need to give your current employer?'

Anini was offered the job and started work at Mapurengo Industries four weeks later. When he arrived on his first day he was informed that he and three other people would be starting at the company that day. They were all assistant managers, but in different departments. Their first week would be induction training.

On the first day there was a 15-minute welcome talk by the managing director. There was then a session filling in various forms e.g. employment contract, medical details. After that they watched a video about the company's history and leadership philosophy. During the rest of the week they were introduced to people they would speak to on a regular basis, shown the canteen, informed of the sports and social club, and were trained on how to use the computer equipment, amongst many other things.

- 16.1 *Imagine you are helping Anini to prepare for the interview:*
- *List his strengths and weaknesses.*
 - *Describe what you think Anini's future ambitions are.*
 - *Describe the advice you would give him on presenting a good image during the interview*
 - *Explain the advice you would give him if he were nervous about the interview.*
 - *List three questions for Anini to ask at the interview.*
- 16.2 *Explain why some of the questions asked in the interview are better than others and suggest ways of improving any of the questions.*
- 16.3 *Describe the strengths and weaknesses of the company's induction procedures.*
- 16.4 *Draw the hierarchy of the production department that Anini is joining. Evaluate how you think this will affect the communication routes used.*
- 16.5 *Discuss and then list the characteristics of a successful meeting such as an employment interview.*

Activity 17: INTERVIEWS #1 (assignment)
CompetenceCriteria 4.1, 4.2, 4.3

- 17.1 *Explain the purpose of each of the following types of business interviews:*
- (i) *Employment*
 - (ii) *performance appraisal review*
 - (iii) *counselling*
 - (iv) *disciplinary*
 - (v) *termination*
 - (vi) *induction*
 - (vii) *consulting*
 - (viii) *sales*
 - (ix) *data-gathering*
- 17.2 *Imagine you have recently joined a company as a manager. You want to hold a meeting with your two assistant managers who have been with the company for several years. You wish to find out all about your department's strengths and weaknesses from this meeting. Prepare for the meeting against the following headings:*
- (i) *type of business interview*
 - (ii) *purpose of interview*
 - (iii) *personnel involved*
 - (iv) *location and timing*
 - (v) *structure of meeting*
 - (vi) *questions for meeting.*

Activity 18: USE OF QUESTIONS (assignment)
Competence criterion 4.3

Give examples of the following types of questions and suggest when each type is most appropriate:

- (i) closed questions*
- (ii) leading questions*
- (iii) open questions*
- (iv) hypothetical questions.*

Activity 19: INTERVIEWS #2 (assignment)
Competence Criteria 4.1, 4.3

Case 1

You have been achieving your sales targets repeatedly for the past seven months. When you joined the business you were informed that if you reached your targets for six consecutive months then your salary would be raised. You have gathered all the documentation you need and have an appointment with the sales manager.

Case 2

You work as a supervisor in the data processing department. This involves supervising the input of information sent from the warehouse onto the computer system. Many documents passed to you contain errors and the computer system states that certain codes being used by the warehouse department do not exist. You have arranged a meeting with the warehouse supervisor.

Undertake these tasks for both case 1 and 2:

- 19.1 *Explain the purpose of the interview for each of the parties involved.*
- 19.2 *Describe how the interview should be managed to ensure it is successful for you.*
- 19.3 *Identify what 'documentation' you think you need for this interview.*
- 19.4 *Identify the type of questions you think will be used most frequently in this interview.*

Assessment Objective 5.0
Identify and apply the use of visual aids in business communication

It is important that students can identify what is the most appropriate visual aid to use to represent data accurately and for it to be easily understood. Students need to be made aware of the fact that just because they have certain skills or because a computer can write in many wonderful fonts, these may not be the best methods to use when producing visual displays.

Activity 20: UNDERSTANDING DIFFERENT VISUAL AIDS (assignment)
 Competence Criterion 5.1

Complete the table by explaining the purpose, advantage and disadvantage of each of the following visual aids used in business communication:

<i>Visual aid</i>	<i>Purpose</i>	<i>Advantage</i>	<i>Disadvantage</i>
<i>Table</i>			
<i>bar chart</i>			
<i>organisational chart</i>			
<i>pie chart</i>			
<i>flow chart</i>			
<i>Gantt chart</i>			
<i>line graph</i>			

Activity 21: MANAGEMENT STRUCTURE (case study)
 Competence Criterion 5.2

The new chief executive of The Southern African Aircraft Technologies Corporation decided it was his job to know how each of the twelve divisions of the business operates. He intended to set a corporate objective of cutting costs by 30% over the next three years but was concerned about his own ability to monitor progress. As the objective was fundamental to the company's survival in the competitive environment for high technology products, he decided a complete organisational restructuring was needed.

After several months of discussion with senior management, it became clear that eight of the twelve could be merged into four new divisions each headed by a divisional director. Of the remaining four, the managers in three were implacably opposed to any loss of independence. Yet the involvement of all three in military production suggested the solution that a divisional director be appointed to oversee the three independent divisions. The twelfth division fitted poorly with any of the others and so it was kept separate and run by a new divisional director.

Within this new hierarchy, the divisional directors would be answerable to the chief executive who in turn would be accountable to the board of directors. The chief executive would agree corporate objectives with the board and then decide divisional goals and budgets in consultation with each divisional director before the start of each financial year. The divisional

director would then have complete autonomy to work within the agreed constraints and each division would be a profit centre.

The new structure proved highly successful. Within two years the assembly time on their executive jet had been cut from 26 weeks to 12. This was achieved by reorganising the factory layout, automating the more repetitive tasks, and retraining staff to use existing equipment more efficiently. These changes were only implemented after very full consultation with the workforce; indeed some of the most valuable ideas came directly from the shop floor. It was clear that the division would achieve its cost reduction target and at higher output levels than many had thought possible.

Four of the other divisions adopted more conventional cost-cutting measures, which also looked likely to achieve the 30% cut the chief executive demanded.

- 21.1 *Draw a chart to show the organisational hierarchy after the first restructuring.*
- 21.2 *Explain why it is considered so important for organisations to have a clear structure with clear lines of authority.*
- 21.3 *Explain how the chief executive's span of control has changed and what advantage(s) the present span gives him.*
- 21.4 *Comment briefly on the results achieved after the re-organisation.*
- 21.5 *Explain how careful consultation might help in the reorganisation of the factory layout.*

Activity 22: SHOPPING SURVEY (assignment)
Competence Criterion 5.1, 5.3

You have recently joined a supermarket chain as a trainee. You have been asked by your line manager to write a report on the shopping habits of people in your community. Present your findings in a clear and concise manner using appropriate visual aids.

- 22.1 *Obtain the following information using the most suitable tool:*
 - *how often families shop for their groceries;*
 - *the name of the grocery store they visit most frequently and why they shop there;*
 - *if appropriate, why they chose not to shop at your supermarket;*
 - *which day(s) of the week they shop for groceries and why;*
 - *the time they shop for groceries; and*
 - *how often special offers influence their buying habits.*
- 22.2 *Use what resources are available to you to produce an accurate and easy-to follow report.*
- 22.3 *As you obviously want to impress your manager, state the reason(s) why you have chosen the particular visual aids to present your findings.*

Activity 23: Kai Sung Textiles (assignment)
Competence Criterion 5.1, 5.3

Twelve months ago the company completed a significant reorganisation which resulted in the reduction of the total workforce from 4500 to 3000. Kai Sung Textiles also invested heavily in new technology which has markedly improved productivity. The company's performance has changed and some of the key features have been recorded on a monthly basis in the following table.

Month	1	2	3	4	5	6	7	8	9	10	11	12
Share price \$	5.00	5.10	5.50	6.40	6.80	6.75	6.60	7.45	7.80	8.50	9.10	9.70
Cash balance \$m	-1.8	-1.9	-1.8	-1.0	-0.3	0.9	1.2	1.9	3.1	3.9	5.0	6.7
Sales \$m	9.1	11.3	12.9	14.1	16.0	15.8	16.3	18.9	23.1	25.9	28.3	30.1
Labour costs \$m	8.1	7.9	8.0	6.4	6.1	6.3	4.1	3.9	3.9	2.8	2.9	3.0
Labour cost as % of total costs	67	65	66	43	45	45	28	27	29	22	24	23

(NB: the figures quoted are in US\$)

- 23.1 Choose appropriate visual aids to illustrate the changes in each of the data categories.
- 23.2 State the reasons for your choice of presentation method in each case.
- 23.3 Using the methods you have chosen, explain the changes taking place and the implications for the company in the future.
- 23.4 Explain what possible problems might there be in accurately reflecting the changes taking place in methods of presentation.

**MODULE
BUSINESS FINANCE**

**Business
Advanced Level**

COMPETENCE CRITERIA MAPPING

AO	CC	Activities																										
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1.0	1.1	■																										
	1.2		■	■																								
	1.3				■	■																						
	1.4						■																					
2.0	2.1							■	■	■	■																	
	2.2									■																		
	2.3									■		■																
	2.4												■															
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	3.3													■		■												
	3.4															■	■											
4.0	4.1																			■	■							
	4.2																				■	■						
	4.3																					■						
5.0	5.1																						■					
	5.2																							■	■	■		
	5.3																											■

Detailed descriptions of the Competence Criteria for this module are given in the syllabus. Please refer to the syllabus when undertaking course activities and assignments.

All \$ amounts in the following activities are quoted in US dollars.

IDEAS FOR COURSE ACTIVITIES AND ASSIGNMENTS

Assessment Objective 1.0
Understand the importance and use of finance in different types of business organisation

This objective introduces students to the reasons for and nature of business finance. It also focuses on the different types of business organisations.

Activity 1: Gulf Engineering Plc
 Competence Criterion 1.1

At a meeting of employees, the managing director, Yahya Mahmood, said that the company had only one real objective: making 'a good profit'.

Explain and justify Dr Mahmood's objective to make 'a good profit'.

Activity 2: Features of business organisations
 (possible cross modular activity with Business Organisation & Environment)
 Competence Criteria 1.2

Complete the grid by filling in the boxes (with yes, no, ticks, crosses or brief explanations) so that you can compile an easy reference and comparative chart of the features of business organisations.

Features		Sole Trader	Partnership	Private company	Public company	Cooperative society
Limited liability						
Number of members	Minimum					
	Maximum					
Stock exchange quotation						
Separate legal identity						
Liability in the event of bankruptcy						
Management control or direction						
Ownership						
Voting rights						
Maximum shareholding						
Disposal of shares						
Minimum capital requirement						
Main legislation or regulation under which the business is registered						

Activity 3: Disqualification of Directors
Competence Criterion 1.2

Most governments have a regulatory framework to protect the public against company directors who abuse the privilege of limited liability. Incompetent, dishonest and negligent directors can be investigated, given disqualification orders, and removed from corporate activities.

- 3.1 Explain the term 'privilege of limited liability'.
- 3.2 Describe what is meant by 'ultra vires'.
- 3.3 Explain why a regulatory framework is needed
- 3.4 Explain what disqualification means for a company director.

Activity 4: The Shares Game
Competence Criteria 1.3

You have (an imaginary) \$10,000 to 'invest'. Choose between five and ten publicly quoted companies and then allocate your \$10,000 as you wish. Monitor the companies' share price movements over a period of 30 trading days.

- 4.1 Track and note the movements of share prices of your investments over the 30 days.
- 4.2 At the end of the period, calculate your profit or loss.
- 4.3 Compile a simple index (initial buying price 100) so that you can plot your investments in a graph and compare them.
- 4.4 Track and note the movement of the Stock Exchange index in your country and then compare its trend with those of your investments.
- 4.5 Investigate any news items relating to the companies in your portfolio which could explain any changes in their share prices.
- 4.6 Compile a brief fact-sheet about stock exchange terms and the financial ratios used to assess performance on the stock market.

Activity 5: Finance: short and long term
Competence criterion 1.3

However successful and profitable a company is, it may still require funding during its financial year in order to maintain operations. Trade credit and overdrafts represent short-term financial sources for a business whilst share capital and loan capital are examples of long-term finance.

- 5.1 Give a full description of each of the following forms of finance:
 - (i) Overdraft
 - (ii) Trade credit
 - (iii) Share capital
 - (iv) Loan capital
- 5.2 Select and describe one other form of business finance.

Activity 6: Finance: Working Capital
Competence criterion 1.4

- 6.1 Explain what is meant by working capital.
- 6.2 Describe what working capital is used for.
- 6.3 List and explain four ways in which a business could increase the level of working capital.

Assessment Objective 2.0
Understand the need for and use of financial procedures and reporting

The need for financial recording is best illustrated by considering financial reports of real or mock businesses. Tutors may create their own records using a fictitious business or use more complex company reports. Many company reports can now be accessed through company websites. Tutors introducing students to published accounts at this level may wish to use those of large companies who often accompany their records with user-friendly explanations.

Activity 7: Voltare Holdings
Competence Criterion 2.1

Voltare Holdings is a large manufacturing industry located on the outskirts of one of your region's largest cities. It has successfully traded nationally for 15 years but has seen a sharp downturn in business in the last 18 months. Its problems started when a large customer withdrew its contract following a series of late deliveries and faulty products.

The news of the loss of its major customer spread quickly and more customers followed. The lack of orders has led to 50 production staff being made redundant in the last six months. Voltare Holdings has tried to secure further capital to keep the business going, with no success. Even with the reduction in staff Voltare Holdings has now reached a financial position where it is unable to keep afloat.

You are acting as one of a series of stakeholders in Voltare Holdings. Produce a press release from your point of view as a stakeholder. Include in the press release why these problems may have occurred and what you believe can be done in response to the problems the business now faces.

Activity 8: Sunnil's Restaurant
Competence Criterion 2.1, 2.3

Sunnil owns a small restaurant and is updating his business records before visiting the accountant. Three transactions are giving him some concern.

- (i) During the year Sunnil employed a new chef, Sandhu. He came from a neighbouring restaurant and news of his appointment resulted in a very welcome increase in business in Sunnil's restaurant. By the end of the year Sandhu's reputation had doubled turnover. Sunnil is not sure how to record this valuable acquisition.
- (ii) Two days before the end of the trading year, Sunnil received a quarterly bill for the leasing of some kitchen equipment. The bill for \$1000 has not been paid and relates to a period which includes two months before the end of the trading year and one month after. Sunnil decides not to record it at all because it is still unpaid.
- (iii) At the beginning of the year Sunnil purchased some dining furniture at a second hand shop for \$500. Six months later, a regular customer who is in the antiques trade kindly advised him that the furniture was antique and possibly worth \$6,000. Sunnil now wonders whether the assets should be revalued.

Explain how Sunnil should treat the above transactions according to the appropriate accounting concepts and conventions.

Activity 9: Users of financial records
Competence criterion 2.1

There are several interested parties which need to consult a company's financial records.

9.1 Complete the accompanying table by identifying (tick the appropriate box) whether those listed are internal or external users

9.2 Suggest their reason(s) for using the records.

Users of financial records	Internal	external	Reason(s) for use
Auditors			
Bank			
competitors			
Government			
Inland Revenue			
Prospective investors			
Shareholders			
suppliers			

Activity 10: The Cooperative Bank (in the United Kingdom)
Competence Criterion 2.2, 2.1

The Cooperative Bank (which is located in the United Kingdom) has strict guidelines governing the conduct of its business. It believes that all commercial enterprises, whatever their size, should have a policy which controls the way their business is conducted. It also believes that such a policy must be actively implemented, otherwise it is 'no more than a collection of fine words'.

The guidelines are in the form of a twelve-point ethical policy. The bank will:

- not invest or provide financial services to oppressive organisations or regimes
- not finance the manufacture or sale of weapons
- not invest in businesses involved in animal experiments
- not finance individuals or businesses using factory-farming methods
- not support organisations involved in blood sports
- not finance tobacco manufacturers
- try to make sure their services are not used for money laundering, tax evasion or the trafficking of drugs and to be constantly vigilant of its dealings in order to avoid these areas
- encourage business to support the environment
- promote business relations with firms that have a similar ethical stance
- improve and strengthen its customer charter which sets standards for its dealings
- consider its consumers' views and change its policies to suit them
- not speculate against the pound during periods of crisis (this was added in May 1992 as a result of the international currency crisis).

This ethical stance taken by the Cooperative Bank has found support amongst its customers. Research revealed 85% support for the Bank's stance among a survey of 30,000 customers. Among the general public, however, only 15% were strongly in favour, 75% neutral and 10% opposed. The bank aims to keep its charter under constant review. A bank spokesman has commented 'Basically what we are saying is we are trying; we are not perfect.'

Source: adapted from The Cooperative Bank booklet, *What we are and what we stand for* and *The Guardian Newspaper*.

- 10.1 *Explain why the Cooperative Bank might be said to be operating in an ethical way.*
- 10.2 *Suggest why the bank has adopted this stance.*
- 10.3 *Identify and discuss three effects that such a policy is likely to have on the bank's business.*
- 10.4 *Explain how pressure groups might have influenced the bank's decisions.*
- 10.5 *Explain possible conflicts that may arise between the bank and other interested parties from this stance being taken.*

Activity 11: Principles of Accounting
Competence criterion 2.3

There are a number of accounting principles and you are required to demonstrate knowledge and understanding of them.

- 11.1 *Explain what is meant by*
 - (i) *materiality*
 - (ii) *historic cost*
 - (iii) *prudence*
 - (iv) *accruals or matching*
- 11.2 *Explain how each principle (in 11.1 above) contributes towards the production of a set of accurate accounts.*
- 11.3 *List at least four other accounting principles.*

Activity 12: Global Trading Company: Concepts and standards
Competence criterion 2.4

At an in-house training session for new entrants to the accounting division, the Director of Finance said, 'Since we operate in more than 20 countries it is essential that accounting principles are harmonised throughout the world.'

Explain what the Finance Director means.

Assessment Objective 3.0
Understand and explain the need for and use of financial, management and cost accounting

Students should be made aware of the distinctions between the various branches of accounting and be able to appreciate how the different approaches employed generate different types of information for different users.

Activity 13: Accounting Methods
Competence 3.1, 3.2, 3.3

Give a definition, and explain the use, of the following forms of accounting:

- 13.1 *Financial accounting*
- 13.2 *Management accounting*
- 13.3 *Cost accounting*
- 13.4 *Where possible, provide business examples of the types of figures used in each form of accounting (13.1 – 13.3).*
- 13.5 *Describe how the figures are used by business and how they contribute to business decision making.*

Activity 14: The Petrol Station
Competence Criterion 3.2

Anini and Sunday have been made redundant from the local hospital where they were both employed. They decide to form a business partnership and rent a nearby petrol station. Anini, who worked in the finance department at the hospital, draws Sunday's attention to a list of costs which he has compiled. The cost items are listed in the table.

<i>Items</i>	<i>\$</i>
Garage rent (per annum)	20,000
Business rates (per annum)	4,000
General overheads (per annum)	6,000
Petrol per litre (for re-sale)	0.80

- 14.1 *Assume that petrol is sold for \$1.20 per litre. Derive a total cost function and a total revenue function.*
- 14.2 *Plot the functions on a graph and determine the amount of petrol (in litres) which must be sold per annum to break even.*
- 14.3 *If they managed to sell 100,000 litres in a year, calculate:*
 - (i) *the profit;*
 - (ii) *the margin of safety.*

Activity15: Sunrise Manufacturing Limited
Competence Criterion 3.3

Sunrise Manufacturing Limited has four production departments. The estimated costs for the next 12 months are as follows:

Overheads	\$
Rent and rates	45,000
Administration	22,000
Depreciation	16,000
Maintenance	10,000
Heat, light and power	12,000
Indirect labour	40,000
total	145,000

The total overheads are to be shared among the four departments using the full-cost method. The allocation is based on the proportion of direct material costs which each cost centre uses.

Department	1	2	3	4	Total
	\$	\$	\$	\$	\$
Direct labour	12,500	10,000	15,000	7,500	45,000
Direct materials	22,500	17,000	20,000	10,000	69,500
Overheads	*	?	?	?	145,000
Total					259,500

*Therefore the overheads for Department 1 would be allocated as follows:

$$\begin{aligned} \text{Apportioned overheads} &= \frac{\text{Cost Centre basis}}{\text{Total basis}} \times \text{Total overheads} \\ &= \frac{22,500}{69,500} \times 145,000 = \$46,942 \end{aligned}$$

- 15.1 Using the full-cost method complete the overhead allocation for Sunrise Manufacturing Ltd on a direct material basis.
- 15.2 Calculate the overhead allocation on a direct labour basis.
- 15.3 Comment on any significant differences between the two sets of figures and state, with reasons, which basis you feel would be the most appropriate to use.

The planned output for each department is:

Department	Units
1	5,000
2	7,500
3	8,000
4	2,700

- 15.4 Calculate the unit cost for each using the figures given and the allocation of overheads which you calculated in 15.1.

Activity 16: Peninsular Building Supplies
Competence Criterion 3.4

The sales budget for Peninsular Building Supplies is shown in the table below. It was prepared by the managing director for a six-month period and passed to the sales manager for distribution in the department. The company had experienced some selling difficulties in recent months due to a recession in the building industry. Much dissatisfaction was expressed by many of the sales team as the targets (to which bonuses were related) were, in their opinion, very optimistic.

Sales budget (units)

Area/month	Jan	Feb	Mar	Apr	May	Jun
North	3,000	3,000	3,500	3,500	4,000	5,000
South	6,000	6,000	7,000	7,000	8,000	10,000
East	2,000	3,000	3,000	3,000	3,500	3,500
West	3,000	3,000	3,000	4,000	5,000	6,000
Total	14,000	15,000	17,500	17,500	20,500	24,500

- 16.1 Explain what the forecasts in the sales budget might be based on.
- 16.2 Describe the disadvantages of preparing the sales budget without the assistance of the sales manager.
- 16.3 Explain the dangers of setting over-optimistic targets in budgets.

Activity 17: Market Data
Competence Criterion 3.4

Market Data is a market research agency with an office in Delhi. Sakuntala, one of the business partners, has produced some information concerning overhead variances. The information is shown in the table below.

Overhead	Total budget overhead allowance \$	Actual overhead \$	Overhead expenditure variance \$
Power	3,000	2,900	100F
Rent	14,000	14,000	-
Indirect labour	20,000	22,000	2,000A
Telephone	800	1,200	400A
Insurance	900	900	-
Heat and light	1,500	1,100	400F
total	40,200	42,100	1,900A

- 17.1 Given the information in the table, explain what is likely to have happened to profit. Give reasons for your answer.
- 17.2 Explain what might have caused the large variance in indirect labour.
- 17.3 Suggest what the management would do with this information when forming the next budget

Assessment Objective 4.0
Understand and describe the elements of accounts and accounting records

Activity 18: Double entry bookkeeping
Competence criterion 4.1

Use a range of text books and the Internet to define and demonstrate your understanding of double-entry bookkeeping.

- 18.1 *Write out a definition of double-entry bookkeeping and the concept of duality.*
18.2 *Explain why its correct application ensures that the balance sheet always balances.*

Activity 19: Ng Motors
Competence Criterion 4.2, 4.1

In a four-day trading period Ng, a second-hand car dealer, recorded the following transactions:

<i>Date</i>	<i>Detail</i>
3.7.00	Introduced \$2,000 capital to fund the business venture.
3.7.00	Bought a car for resale for \$600 and paid cash.
3.7.00	Bought some spare parts for \$50 cash.
5.7.00	Sold the car for \$850 cash.
6.7.00	Paid \$100 wages to a mechanic in cash.
7.7.00	Bought a car on credit from Tan Motors for \$500.

- 19.1 *Produce a simple receipts and payments table to illustrate these transactions.*
19.2 *Explain why the totals on both sides must be equal.*
19.3 *Explain the effect that each transaction would have on:*
(i) *assets*
(ii) *liabilities.*
19.4 *Identify which documents Ng Motors may have used to help record the transactions.*

Activity 20: Starting-up
Competence Criterion 1.3, 4.2

You are given the opportunity to establish your own mini-enterprise with the offer of a loan of \$500. The loan is to be repaid in six months' time.

- 20.1 *Identify the most likely sources of this type of loan.*
20.2 *Identify different ways in which the loan could be repaid in the six month time limit.*
20.3 *Draw up samples of documents that would show how you intend to record and repay the loan*
20.4 *Identify the types of records that you would keep to monitor the progress of your business in general*

Activity 21: Brahmaputra Textiles
Competence Criterion 4.3

The table below contains financial information for three companies: Irrawaddy Textiles plc, GangesTextiles plc and Indus Textiles plc.

A summary of financial information from three textile companies:

Details	Irrawaddy	Ganges	Indus
	\$m	\$m	\$m
Turnover	10	20	100
Gross profit	3	5.5	40
Net profit before tax	1.5	2.5	22
	cents	cents	cents
Earnings per share	12.1	9.9	31.9
Dividend per share	7.2	7.1	10.8
Current share price	130	198	240

As an employee working for a firm of stockbrokers in Delhi you have been asked to produce information as follows:

- 21.1 *Calculate the gross profit margin and the net profit margin for each of the three companies and comment on each firm's overheads.*
- 21.2 *Discuss the factors which might account for the differences in the above ratios for each of the companies.*
- 21.3 *Calculate the price/earnings ratio and the dividend yield in the case of each company.*
- 21.4 *On the basis of your answers to the previous question, suggest which company you would advise a client to invest in if they:*
 - (i) *wanted fast financial returns.*
 - (ii) *wanted capital growth.*

Explain your answers.

- 21.5 *Indicate what other information might be helpful to you when providing this advice.*

Assessment Objective 5.0
Demonstrate knowledge and application of accounting techniques

Activity 22: Bookkeeping
Competence Criterion 4.1, 4.2, 5.1

On the 1st January a trader starts a business with a cheque for \$11,000.

1. He buys a second-hand van for \$5,200 and pays by cheque.
2. He buys goods on credit from PRY Ltd, for \$3,000.
3. He buys goods on credit from Cheung for \$2,600.
4. He pays PRY Ltd. \$3,000 in total; \$500 in cash and a cheque for the remainder.
5. He pays Cheung by cheque \$2,548, having taken a discount of \$52.
6. Sales for cash \$10,000, cheque \$3,000.
7. He pays wages to staff \$1,600 cash.
8. He pays rent, \$800.
9. Closing stock 31 March, \$420.
10. Depreciation of van 5% of cost.

22.1 *Identify the relevant financial records and books of account for the transactions given above.*

22.2 *Make the bookkeeping entries in the books of account and draw up a trial balance for the trading period concerned.*

Activity 23: Stock valuation
Competence Criterion 5.2

During a trading period the following stock transactions were recorded for a company:

- | | |
|-------|--|
| 01.07 | 50 units were bought @ \$2 per unit. |
| 03.08 | 100 units were bought @ \$2.20 per unit. |
| 19.08 | 100 units were issued. |
| 23.09 | 200 units were bought @ \$2.30 per unit. |
| 25.09 | 150 units were issued. |

23.1 *Assuming that the opening stock was zero, calculate the value of closing stock using the:*

- (i) *FIFO method*
- (ii) *UFO method*
- (iii) *Average Cost method.*

Present your answers in tables using a spreadsheet.

23.2 *If the stock listed in the transactions above was perishable, suggest which of the three methods is most suitable for the physical issuing of stock and explain why.*

23.3 *Suggest why the UFO method is the least favoured by firms.*

Activity 24: Depreciation #1
Competence Criterion 5.2

A company purchases a new furnace for \$200,000 and expects it to remain in use for ten years. At the end of its useful life it is estimated that the furnace will have a scrap (residual) value of \$10,000.

- 24.1 Calculate the annual depreciation using the straight-line method.
- 24.2 Draw up a table showing how the furnace is written off over its life.
- 24.3 Calculate the book value at the end of year 6.
- 24.4 Draw a line graph showing the annual book value over the life of the furnace.

Activity 25: Depreciation #2
Competence Criterion 5.2

A large building contractor buys a new mechanical digger costing \$150,000. The firm has a policy of replacing expensive machinery after five years while it is possible to obtain a reasonable second-hand sale price. The contractor expects the residual value to be \$49,152.

- 25.1 Use the reducing balance method and write off at 20% per annum. On a spreadsheet, draw up a table showing the annual depreciation allowance and the book value at the end of each year.
- 25.2 Draw a graph to show the annual book value over the period the digger is used by the firm.
- 25.3 Suggest why the contractor might choose a discount rate of 20%.

Activity 26: Profit & loss
Competence Criterion 5.3

	\$		\$		\$
Stock at 1 July	2,410	Purchases	18,000	Sales	29,550
Wages	8,420	Postage	120	Rent & rates	1,160
Transport	490	Insurance	220	Stationery	80
Lighting/heating	590	Stock at 30 June	2,500		

From the information given above, prepare a trading and profit and loss account (US\$) for the business of Miguel Orjuela.

Activity 27: Balance sheet
Competence Criterion 5.3

	\$		\$		\$
Opening stock	13,500	purchases	40,000	overheads	8,000
Premises	50,000	vehicles	12,000	debtors	3,200
Capital	75,000	closing stock	9,500	cash in hand	300
Sales	60,000	cash at bank	13,000	loans	1,000
Creditors	4,000				

- 27.1 From the information given above, compile trading and profit and loss accounts and a balance sheet (US\$) for the year ended 31 December for Juanita Navarette.
- 27.2 Using the information from **Activity 22**, prepare a trading and profit and loss account for the three months ended 31 March.
- 27.3 Take out a balance sheet as at 31 March.

**MODULE
MARKETING**

**BUSINESS
ADVANCED LEVEL**

MAPPING

CC	AO	Activities																						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1.0	1.1	■	■	■	■	■	■																	
	1.2		■	■	■	■	■																	
	1.3		■	■	■	■	■																	
2.0	2.1						■	■	■	■	■													
	2.2						■	■	■	■	■													
	2.3								■	■	■	■												
3.0	3.1										■	■			■									
	3.2														■									
	3.3															■								
	3.4														■									
	3.5											■			■	■								
4.0	4.1																	■	■		■			
	4.2																■	■	■	■	■	■		■
5.0	5.1																					■	■	
	5.2																				■	■	■	■
	5.3																					■	■	■

Detailed descriptions of the Competence Criteria for this module are given in the syllabus. Please refer to the syllabus when undertaking course activities and assignments.

All \$ amounts in the following activities are quoted in US dollars.

IDEAS FOR COURSE ACTIVITIES AND ASSIGNMENTS

Assessment Objective 1.0:

Identify and appreciate the objectives and functions of developing a marketing orientation

The objective helps students to understand how marketing has evolved and the pressures which influence business organisations to become marketing orientated. Students need to recognise barriers that organisations must overcome in the achievement of customer focus. Students also need to appreciate the role that marketing plays in helping to meet corporate objectives.

Activity 1: ROLE OF MARKETING MANAGER (assignment)

Competence criterion 1.1

- 1.1 *Look through the recruitment pages of the national papers, or on-line, and select four advertisements for marketing managers.*
- 1.2 *Examine the advertisements and identify the key activities for the role.*
- 1.3 *List key qualifications and requirements.*

Activity 2: CUSTOMER ORIENTATION/1 (group activity)

Competence Criteria 1.1, 1.2, 1.3

Organise into groups of three students. Each group to:

- 2.1 *identify examples of good and poor customer service that they have experienced recently;*
- 2.2 *identify what it was specifically that contributed to their experience;*
- 2.3 *explain how, in the case of poor service examples, they would advise the organisation(s) involved to change the approach to customers.*
- 2.4 *Prepare a none page fact-sheet on good and bad customer service and the likely effect on business of the type of service given.*

Activity 3: CUSTOMER ORIENTATION/2 (tutor led class discussion)

Competence Criteria 1.1, 1.2, 1.3

Following the introduction of the differences between production, sales and marketing orientation, lead a discussion with students to help them identify the main factors which influence organisations to adopt a customer focus.

The **key** points should be:

- *increased competition in most business environments*
- *pace of development of technology*
- *increasing sophistication of consumers*
- *improved education of consumers via global media*

Examples of companies that have adopted a marketing orientation are

- *Toyota*
- *McDonalds*
- *Sony*

NB: if the students are not familiar with these companies then substitute them for those they know.

Activity 4: CUSTOMER FOCUS/3 (assignment)

Competence criteria 1.1, 1.2, 1.3

For several weeks the sales staff of East-West Trading have been attempting to deal with some very difficult customers who have been rude and difficult. Some have made almost impossible demands regarding delivery dates, styling, colour, prices and contract terms. As a result the sales staff have been put under a lot of pressure. It has now been revealed that the 'customers' were actors hired by the managing director and that some of the abusive telephone enquiries were actually conducted by the MD herself.

At the monthly sales performance review held only last week the MD was asked, 'Why did you do this to us?' The MD stared at the questioner and said, 'I ought to sack you for asking that question. We are in a competitive world and my reasons ought to be obvious to everyone - including you!'

4.1 *How would you explain the Managing Director's actions.*

NB. This activity appears in other modules and levels. Discussion at Advanced Level should refer to strategy and outcomes. Are there ethical or work-based issue here too?

Activity 5: OVERCOMING BARRIERS (group activity)

Competence Criteria 1.1, 1.2, 1.3

Organise your students into groups of three. Each group is to consider the following list of common barriers to achieving a significant marketing and customer orientation.

5.1 *Identify and discuss appropriate ways to overcome these barriers:*

- *Weak support from senior management;*
- *Little recognition that the customer should be at the centre of all business activities;*
- *The lack of an effective marketing information system within the organisation;*
- *The lack of focus on defined segments of the market;*
- *The lack of marketing resources is not taken seriously enough.*

5.2 *Feedback your ideas to a class plenary session.*

Activity 6: CUSTOMER CARE POLICY (group activity)

Competence Criteria 1.1, 1.2, 1.3

Organise your students into groups of three. Ask each group to:

- 6.1 *identify instances when they have been less than satisfied with the customer service they have received;*
- 6.2 *devise between 5 and 8 rules for, or features of, an excellent customer care policy;*
- 6.3 *prepare and deliver a ten minute class presentation of their proposals.*

Assessment Objective 2.0:
Investigate and explain the reasons for, and use of, market research for marketing decisions

This objective focuses on the purposes of market research and considers different research methods. Students should understand the process for planning a market research project.

Activity 7: PRIMARY RESEARCH (assignment)

Competence Criteria 2.1, 2.2

- 7.1 *Explain the reasons why a large store or supermarket might use primary research.*
- 7.2 *Devise a short questionnaire suitable for identifying customer satisfaction levels at a large store or supermarket. (The questionnaire should not exceed 12 questions).*

Activity 8: BUSINESS RESEARCH (assignment)

Competence Criteria 2.1, 2.2

Your company manufactures and leases photocopiers to businesses. They have recently developed the technology to manufacture all-in-one computer printers.

- 8.1 *What marketing information does the company need before starting to manufacture printers?*
- 8.2 *What methods should they use to collect the data? Provide business examples, where possible, of the type of information required*

Activity 9: CHANGE OF NAME (assignment)

Competence Criteria 2.1, 2.2, 2.3

You are the marketing manager of a company that produces non-alcoholic fruit drinks. One of the best selling lines is called 'Typhoon'. However, in view of the number of devastating storms in recent years, the Board has suggested the name be changed.

Part A:

9.1 *Suggest a new name to replace 'Typhoon' and explain your choice.*

9.2 *Assemble a brief for a marketing research agency to check the attitude of current 'Typhoon' drinkers to the new name you have proposed.*

(NB: Students should understand that a research brief contains the following:

- Background and objectives of the research.
- Data on the relevant population group.
- Type of research envisaged.
- Realistic timetable.
- Budget.)

Part B:

9.3 *As a member of the marketing research agency, prepare a proposal for your client (i.e. the fruit drink company) on the design of the research you will undertake.*

(NB: The students will need to know that a proposal should contain the following:

- Statement of objectives.
- Description of how research will be done - sample, fieldwork, questionnaire, data handling.
- Whether a written report is included and whether a personal presentation will be made.
- Research timetable.
- Costs.
- Justification.
- Previous experience.)

Activity 10: COSMETICS: A NEW ENTRANT TO THE MARKET (assignment)

Competence criteria 2.2, 2.3

Indira is a famous and popular Bollywood film star. She has announced to her management team that she wishes to launch a new line of cosmetics using 'Indira' as the brand name. She believes her name, which is known throughout Asia, will sell the product very well. Indira has been advised that before production can even start her idea must be subject to market research.

10.1 *Explain how powerful you think the proposed brand name will be.*

10.2 *Identify and explain to Indira the five stages involved in planning a market research project.*

10.3 *Describe and justify three primary research methods for this project.*

Activity 11: BREAD FOR HEALTH Ltd (Case study)

Competence Criterion 2.1, 2.3, 3.1, 3.5

Joshua Gichira is the owner of Bread for Health Ltd, a medium-sized family business. The company bakes and sells a number of well-known brands of bread under licensing arrangements as well as its own label products. It sells to retail shops, restaurants and institutions (e.g. schools, hospitals).

About three years ago Bread for Health introduced a speciality line of breads called 'Fitness'. Speciality bread is made from special or mixed grain flour and is heavier than regular bread. Not only have speciality breads been a rapidly growing segment of the bread market but they are a higher gross margin product. The speciality bread consumer is identified as coming from upper-income households and being more highly educated than the typical bread consumer.

Joshua knew that the company's speciality breads were of high quality and that they should be selling well but sales figures indicated otherwise. The Fitness line seemed to be rapidly losing market share to the national brands while it was clear that the major supermarket chains were selling a lot of their own label speciality breads. The company's salespeople could offer no real insight into why the Fitness line was doing badly.

Joshua decided to do some marketing research. He knew he would have trouble selling the idea to his father, but he also knew that he needed more information. Joshua began making notes on what he would like to know about the position of the Fitness line. Except for his own sales records and reports in trade publications he realised he knew very little e.g:

- He was unaware of the rise or growth rates of the speciality bread market in his area.
- He had no idea who bought his bread or those of his competitors, or how much consumers bought and how often.
- He didn't know the relative awareness of the Fitness line and its image among both consumers and retailers.

11.1 *Explain how Joshua should put together an outline marketing research plan to deal with his problem.*

Notes:

Assessment Objective 3.0:
Identify the importance of understanding buyer behaviour and new target segments

Students need an understanding of buyer behaviour for different types of purchase. They should know the stages of the decision-making process for both consumers and organisations, and the influences on those decisions. The concept of market segmentation is at the core of all marketing and students should be able to identify various consumer bases for segmenting markets.

Activity 12: BUYING BEHAVIOUR (assignment)

Competence Criterion 3.1

12.1 Explain what each of the following buying behaviour terms means:

- (i) routine response
- (ii) limited decision-making
- (iii) extensive decision-making
- (iv) impulse buying

12.2 Locate each of the following items under the appropriate type of buying behaviour.

<i>Product</i>	<i>Routine response</i>	<i>Limited decision-making</i>	<i>Extensive decision-making</i>	<i>Impulse buying</i>
<i>Bread</i>				
<i>Cosmetics</i>				
<i>Car</i>				
<i>Personal computer</i>				
<i>Digital camera</i>				
<i>Magazine</i>				
<i>Shoes</i>				
<i>Clothing</i>				

- 12.3 Collect and compare examples of advertising for each of the products listed
- 12.4 Discuss whether there is a link between the advertising used and the type of buying behaviour/decision-making associated with the product.
- 12.5 Produce a slide for a presentation on buying behaviour

Activity 13: MARKET SEGMENTATION/1 (assignment)

Competence Criterion 3.5

The hotel industry offers a range of products to attract different market segments.

- 13.1 Investigate a hotel known to you, preferably one which is used by tourists, business people, and those wanting short mid-week or weekend breaks.
- 13.2 Analyse the market segmentation of the chosen hotel and complete the grid with your findings.

<i>Guest segment</i>	<i>Principal benefit sought</i>	<i>Demographic</i>	<i>Behavioural characteristics</i>	<i>Lifestyle</i>
<i>Business people</i>				
<i>Tourists</i>				
<i>Mid-week and Weekend holiday-makers</i>				

Activity 14: MARKET SEGMENTATION/2 (assignment)

Competence Criteria 3.1, 3.2, 3.4, 3.5

The 'Indira' range of cosmetics (as given in activity 10) is at an advanced stage of development. Indira's advisers have suggested that in order to market the cosmetics successfully they must segment the market. She doesn't understand what this means.

- 14.1 Identify and explain five reasons for market segmentation.
- 14.2 Suggest which segment of the cosmetics market is most likely to buy 'Indira' brand cosmetics and explain your reasons.

Activity 15: DECISION-MAKING UNIT (assignment)

Competence Criteria 3.3

A marketing manager recently gave a talk about marketing to a group of secondary school pupils. The talk was boring largely because marketing terms were used as if the pupils knew what they meant. There wasn't time for questions so many of the pupils were rather confused by what had been said. The manager talked about the DMU and made reference to initiators and gatekeepers.

- 15.1 Explain what is meant by a Decision-Making Unit (DMU).
- 15.2 Explain the following terms within the marketing context:
- (i) initiator
 - (ii) gatekeeper

Assessment Objective 4.0:

Explain and demonstrate the strategic implications and applications of the marketing planning process

This objective introduces students to the strategic implications and necessity of market planning. It needs to be understood that ideally it is a proactive rather than a reactive activity – that planning for future activities is as important as reacting to current trends. Students should be able to outline the stages of the planning process.

Activity 16: 'PEST' ISSUES AND MARKETING AUDIT (group activity)

Competence Criterion 4.2

You are to organise a visit to a company for you and a group of fellow students. The main object of the visit is to discuss with a marketing manager just how the company marketing planning is influenced by external i.e. PEST, factors.

- 16.1 *Contact a business that is ideally involved in export and/or import trade and provide full and clear reasons for your request.*
- 16.2 *Consider what might be the main PEST issues and brief your group before you make the visit. Agree the questions and issues you will want to raise before going on the visit.*
- 16.3 *Take notes during the visit and on your return organise a group presentation to the class to share the information you have.*

Activity 17: HI-TECH UNLIMITED (assignment)

Competence criteria 4.1, 4.2

Hi-Tech Unlimited is a brand new company and is about to produce palm-top computers. The people setting it up are well qualified in all the important areas with the exception of marketing. The bank advised them to consult experts in marketing when they were assembling their business plan. They are now learning about marketing but, clearly, they have no direct experience of constructing and implementing a marketing plan. They have asked you for advice.

Explain to the company in a memorandum the following marketing topics:

- 17.1 *In respect of effective marketing, explain the difference between strategy and tactics.*
- 17.2 *Describe what is meant by a marketing audit.*
- 17.3 *Describe what SMART objectives are. Provide specific examples for Hi-Tech Unlimited.*
- 17.4 *Explain two strategic marketing models used in the development of a marketing strategy.*

Activity 18: A SWOT ANALYSIS/1 (assignment)

Competence criterion 4.2

Conduct a SWOT analysis on either

- 18.1 *your own employer or institution, or*
- 18.2 *any product of your choice.*
- 18.3 *Report back to a plenary session of your class.*

Activity19: WAN CHAI FOODS: SWOT ANALYSIS/2 (case study)

Competence Criteria 4.1, 4.2

The Wan Chai Foods Company owns a chain of food shops which also sell some non-food items. They are mostly located in country districts or on the edges of towns but the company is keen on expanding the business. It has been trying to find a niche in the grocery market in the larger towns and cities but its major competitors are supermarkets and local convenience shops. The supermarkets can offer a wide range of food products at very competitive prices. Wan Chai's shops close at 18.00 whereas the local convenience shops remain open until almost midnight.

The Wan Chai Foods Company is trying to develop a new up-market image and has targeted the young upwardly mobile professional workers as their preferred choice of consumer. The company has improved the quality of its stock and stores are now selling various fresh, health and delicatessen foods, and expensive wines. The prices are markedly higher than those charged by their competitors. The policy of stocking fresh foods is costly with a high wastage level but the company believes that this is unavoidable in order to offer the sort of products that their targeted customers want and will come to its shops to buy.

The range of products and space allocation are as follows:

Type of goods	Estimated %age of space
Groceries/food	52.6
Fruit/vegetables	6.8
Confectionery	3.9
Soft drinks	4.8
Ice cream	1.0
Entertainment/stationery	5.0
Newspapers/magazines/books	7.5
Household goods	7.3
Alcohol	9.5
Other	1.6

The company's shops are not particularly convenient for the target market of young professional workers which is why it wants to move into 'better areas'. Since changing its image, the company has moved from a profit of \$900,000 two years ago to a current loss of \$750,000.

- 19.1 *Undertake a SWOT analysis of the Wan Chai Food Company i.e. identify its strengths and weaknesses, its opportunities and threats.*
- 19.2 *Using your analysis, choose either strengths and weaknesses OR opportunities and threats and suggest some possible strategies for the Wan Chai Food Company.*
- 19.3 *In groups of three or four people compare the SWOT analysis and strategies. Identify two key issues and report back to the class on the discussion.*

Assessment Objective 5.0:

Explain and apply marketing mix applications for a product or service

Students need to understand the role of the seven elements of the extended marketing mix and how they may be combined in different ways for different situations, particularly for the stages of the product life cycle.

Activity 20: G&M Protective Clothing Company (assignment)

Competence Criteria 5.2, 4.2

A year ago Khaled Goni and Ataul Meah set up 'G&M' to manufacture protective clothing mainly for the construction industry. At the moment they are concentrating on just three lines: industrial footwear, dayglo yellow 'Hi-Vis' jackets, and hard hats.

They argue that at any one time in the world there are lots of properties which have to be demolished, renovated, extended or built, so there should be no shortage of a market. Even the emergency services need their products.

They have been going for 12 months and have a small but respectable domestic market but they are now keen to obtain overseas orders. Goni and Meah reckon that with low production costs and a positive marketing attitude they can do very well. They understand business, but they have retained you to advise them on their marketing strategy.

20.1 *Bearing in mind the product and the target industry, advise G&M on a marketing strategy comprising the research, marketing mix and planning needed to boost their sales.*

Activity 21: THE 7Ps (assignment)

Competence Criteria 5.1, 5.2, 5.3

Compile a set of notes for yourself on the various elements of the extended marketing mix.

21.1 Product

Identify and comment on the stages of the development of a new product.

21.2 Price

Explain the main factors that a business should take into account when setting the price of a new product.

21.3 Promotion

Describe the elements of the promotional mix. Give examples of how each might be used for the following:

- (i) *a car producer*
- (ii) *a manufacturer of confectionery*
- (iii) *a computer distributor*

21.4 Place

Your company is considering closing many of its retail outlets and transferring the sale of its products to the Internet. You manufacture exclusive outdoor clothing. Your current target segment is the 35-50 year-olds who purchase at premium prices. Advise your company about the implications of pursuing this distribution strategy.

21.5 People

You run a day nursery for children from 6 months to 5 years old. Explain the factors you need to take into account under the 'people' element of the marketing mix.

21.6 Process

You work for a firm of accountants in the centre of a large city. What aspects of the 'process' element of the marketing mix do you need to take into account?

21.7 Physical evidence

You work for a large insurance broker which is about to move to new premises. Advise your managers about the 'physical evidence' element of the marketing mix and why it is important.

Activity 22: SOFTWARE (MARKETING MIX) (assignment)

Competence Criterion 5.3

Your company is about to launch a new piece of computer software for which the sales forecasts are as follows:

Year	1	2	3	4	5
Units (000s)	120	290	370	360	220

22.1 *Draw the forecast life cycle for the product and decide how the marketing mix would need to be adapted for the five-year period.*

Activity23: BRANDS (assignment)

Competence Criteria 5.2, 4.2

The Lopez Fish Processing Company is located on the Pacific coast of Central America and was established in the late nineteenth century. The company began by pickling and smoking fish and later opened a cannery.

The company soon achieved a good reputation for quality. Its products sold not only nationally but also internationally. The Lopez company's brand names were well known and attracted a large number of loyal customers.

The company prided itself on its excellent service and would rather refuse an order than be unable to deliver on time. The refrigerated facilities offered by the railway and shipping companies allowed fresh fish to remain in first-class condition no matter where the destination.

The company has continued to grow and now employs more than 1,000 personnel. Its reputation for quality has not diminished. The company continues to enjoy the firm loyalty of its customers.

23.1 *Explain what is meant by brand loyalty and why it so important to a company such as The Lopez Fish Processing Company.*

23.2 *Investigate how much brand loyalty your family demonstrates. To find out, list at least ten products that you (for your family) buy regularly and identify how many of the products mentioned are in fact brand names e.g. if you write 'coffee' or 'tea' or 'polish' then you are not brand loyal or aware. The more often that you use a brand name, the more brand loyalty you display.*

**MODULE
HUMAN RESOURCE MANAGEMENT**

**BUSINESS
ADVANCED LEVEL**

Human Resources Management [Advanced]
COMPETENCE CRITERIA MAPPING

AO	CC	Activities																									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
1.0	1.1	■				■																					
	1.2		■	■		■																					
	1.3				■																						
	1.4					■																					
2.0	2.1						■																				
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	4.3																					■					
5.0	5.1																						■	■	■		
	5.2																						■				
	5.3																								■		
	5.4																										■

Detailed descriptions of the Competence Criteria for this module are given in the syllabus. Please refer to the syllabus when undertaking course activities and assignments.

All \$ amounts in the following activities are quoted in US dollars.

IDEAS FOR COURSE ACTIVITIES AND ASSIGNMENTS

Assessment Objective 1.0

Understand Human Resource Management, its development, purpose and organisation

This objective lays the foundation of the module as it defines both the purpose and context of human resource management. The student needs to grasp the essentials before tackling the rest of the module.

Activity 1: Defining Human Resources

Competence Criterion 1.1

You have been asked to talk about the company's human resources department to a party of students. You need to prepare some notes.

- 1.1 Write down your definition of human resources management.
- 1.2 List and briefly discuss at least eight activities undertaken by the human resources department

Activity 2: Human Resource Planning

Competence criterion 1.2

Define the two functions or purposes of human resources i.e: *operational* and *strategic*, and then give two examples of each function.

Function	Definition	Examples
Operational		
Strategic		

Activity 3: Bucktowsing Medical Supplies #1: Costs of employment

Competence Criterion 1.2

Assume your government has ordered that within five years employers should ensure that at least 2% of all jobs should be held by registered disabled people. For Bucktowsing Medical Supplies this means that on the present staffing of 8,500 some 170 jobs must be given to disabled personnel. The company is sympathetic but has expressed concern about the employment costs. The human resources department reported that there would be additional costs incurred by employing so many disabled workers.

- 3.1 Explain what costs, in addition to wages and salaries, are involved in employing people and then suggest why the employment of disabled people might cost more.

Activity 4: Bucktowsing Medical Supplies #2: Reorganising Human Resources

Competence Criterion 1.3

The new human resources director, Fatima, has been given asked to reorganise the human resources division. The company employs 8,500 people in eight different plants, offices and distribution centres. She has investigated the current situation and is not happy with what she has found out. It has been the practice for head office to advise line managers in the various company locations about human resources policies, procedures and guidelines; and to encourage them to recruit (up to all but the most senior levels), agree pay and resolve disputes themselves.

Fatima now wants to centralise all the human resource activities because she thinks that the current situation dilutes the effectiveness of the human resources operation and results in differing agreements and practices throughout the company. She has told her deputy that he must concentrate on the day-to-day running of the division whilst she dismantles the present structure and concentrates it all at head office.

- 4.1 *Consider the situation of Bucktowsing Medical Supplies and set out the arguments both for and against Fatima's plans.*

Activity 5: Bucktowsing Medical Supplies #3: The Functions of Human Resource Management

Competence Criteria 1.1, 1.2, 1.4

- 5.1 *Form a discussion or focus group with three to five members and discuss each of the following cases. Report your views, reactions and conclusions back to a class plenary session*

Fatima, the new human resources director, gave a talk to a business club and some members challenged her views on human resource management. The following points were made:

5.1 Expense of HRM

A human resources operation is expensive, even a luxury for a cost conscious company. Appointments can be made by using employment agencies, and unskilled and semi-skilled operatives can be taken on at the factory gate.

5.2 Welfare Role

The welfare role of a human resources department should be abandoned as there are other and more appropriate agencies equipped to deal with, for example, AIDS counselling, stress, alcoholism and bereavement counselling.

5.3 Profit-sharing

If all employees, regardless of level and status, were paid basic wages or salaries with the prospect of profit-sharing at the end of the year, they would work harder to ensure their earnings and the success of the company.

Assessment Objective 2.0

Understand how the employment market, and the frameworks within which an organisation operates, affects the management of people

Having understood the purpose of human resource management, the student now needs to appreciate the nature of the employment market and the context in which people are managed.

Activity 6: Trends (employment and population)

Competence Criterion 2.1

- 6.1 Obtain figures on the employment and population trends in your country. You need, if available, three sets of data – current, historical e.g. 10 years ago, and the forecast e.g. 10 years ahead. Complete the following table:

Period		Historical	Current	Forecast
Population:	total			
	% male			
	% female			
Age distribution	<21			
	22-39			
	40-59			
	>60			
Working population				
Unemployed % or total				
Number in self-employment				

- 6.2 Explain any conclusions you can draw from your figures and identify any growing trends.

Activity 7: Representative organisations

Competence Criterion 2.2

Trade unions, employers' associations and professional bodies are all representative organisations and have some effect upon the process of human resource management.

For each of the following representative organisations explain its function or purpose:

- 7.1 trade unions
- 7.2 employers' associations
- 7.3 professional associations

Activity 8: Bucktowsing Medical Supplies #4:

Competence Criterion 2.3

8.1 Professional Development and Lifelong Learning

The human resources director of Bucktowsing Medical Supplies was a teacher before becoming a human resources specialist. She recently attended a conference on employee training, education and development and returned full of enthusiasm. Many of the ideas proposed appeal to her education background.

One idea that she is keen to pursue is that of 'professional development and lifelong learning'. She believes an employer has responsibility to encourage and participate in it. The more traditional view might be that the human resources division should only concern itself with the company's specific training and recruitment needs and not get involved in delivering what is arguably the responsibility of the education ministry.

8.1 *In the context of human resource management, explain what is meant by 'professional development and lifelong learning'.*

8.2 Technology

In Bucktowsing's annual report there is a comment about the history of the company. Nowadays it employs 8,500 people with an impressive productivity record. Forty years ago it employed 10,000 and the output was a sixth of what it is now. Twenty years ago the workforce had grown to 14,000, which produced a third of today's output. When asked to explain how a smaller workforce can be more efficient and effective, the chairman replied 'technology' and moved on to other business.

8.2 *Explain what the chairman meant by 'technology' and outline how it affects the way work is organised.*

Activity 9: Health & Safety

Competence Criterion 2.4

You have been criticising the company's health & safety policy. It is the responsibility of the production division but you believe it should be a matter for the human resources department. You work in human resources and your comments have resulted in your being given the job of suggesting a suitable and appropriate health and safety policy.

9.1 *Draw up a list containing at least eight issues or areas of attention that you think are essential to maintain a safe working environment.*

Activity 10: Minimum pay

Competence Criterion 2.4

Marshall Islands Textiles is a clothing company located in the Pacific and makes goods for a leading western fashion label. The average monthly pay for the garment workers is US\$40, despite the government recommending employers pay the minimum survival wage of \$75. The clothing sells in UK and European shops for very much higher prices (e.g. a worker is paid less than \$1 to make a skirt which ultimately sells for about \$100). The government knows what's going on but will not press its recommendations because employers have said that to pay the minimum recommended wage would raise costs, create unemployment, and force companies out of business.

10.1 *Describe what you think is meant by a minimum wage and give your reaction to the situation described in the case study.*

Assessment Objective 3.0

Understand how organisations plan and meet their human resources requirements

This section of the syllabus focuses firmly on the practical processes of human resource management and investigates planning, contracts, recruitment and selection.

Activity 11: Human Resources Planning (terms)

Competence Criterion 3.1

Human resource management involves regular analysis of workforce statistics which are used to assess strengths and weaknesses and to assist in meeting current and forecast needs.

Define the following terms:

- 11.1 *absenteeism*
- 11.2 *retention rates*
- 11.3 *succession planning*
- 11.4 *exit interviews*

Activity 12: Role Play exercises

Competence Criteria 3.1, 3.3

- 12.1 *Each case study requires the participation of two students: one to act as a human resources manager and the other as an employee.*
- 12.2 *Students should prepare their cases beforehand and come together in an interview situation to explore and discuss the issues.*
- 12.3 *The role play should be performed in front of the other class members who will act as observers and express opinions on the case afterwards.*

12.1 Absenteeism

Ahmed is usually absent on average for one day in every eight working days. His supervisor wants a telephone call on the day of absence but Ahmed never makes one and never brings in a doctor's certificate. He always says he has been ill, that he has a recurring but unspecified complaint and his honesty should not be in question. The supervisor is not convinced that the absences are all genuine. She believes that anyone returning from an absence ought to be interviewed, not as an act of discipline but to establish the reasons for the absence and discover whether or not it is a work-related problem. Ahmed refuses to ring in or to be interviewed; he reckons the latter amounts to harassment.

12.2 Succession

Cheung Mu-tao has accused his employer of discrimination. He has been deputy transport manager for ten years and expected to be promoted when Mr Wei, the manager, retired. The human resources view is that Mr Cheung is a very good deputy but lacks the ability, qualifications and personality to be the boss of the transport division. The company wants to appoint someone about 40 years old. Mr Cheung is 58 and reckons he can achieve a lot before he retires as he had more than 35 years in transport. He thinks he should be appointed.

12.3 References

Sophia has applied for another post within the company. Quite reasonably she wants promotion, more responsibility and a better salary. Another reason for her application is that

she does not get on with her line manager, but she had to give his name as a referee. She suspects that her reference is not a good one and will have a negative effect on her chances of promotion. She wants to see her reference but the human resources manager says it is confidential. She wants an interview to discuss what she believes is her right to see any material relating to her.

12.4 Lateness

Hanna is persistently late for work - always by 20 minutes. This pattern has been going on for at least nine months and there seems to have been some understanding about it between Hanna and her supervisor. Hanna is a conscientious employee and never takes more than 20 minutes of her one-hour entitlement for lunch. Last week a new supervisor who does not tolerate the situation took over her section. Hanna is now unhappy and her work is suffering. The new supervisor has said that Hanna must report for work at the stated time or she will be dismissed. The fact that Hanna more than makes up for her lost time does not influence the new supervisor's attitude. She has been told by other members of the section that Hanna is widowed with two small children to bring up, her father is disabled and her mother died about a year ago. The supervisor is inflexible and firmly believes that Hanna should organise herself better, keeping home and work totally separate. Hanna has been reported to the human resources department to be disciplined.

Activity 13: Employment contracts

Competence Criterion 3.2

The human resources department of a company has been undertaking a financial review and has come to the conclusion that employing part-time and temporary staff, and contracting out some of the company's functions will reduce employment costs.

- 13.1 (i) *Describe what contracting out means*
- (ii) *Identify two different companies and suggest the type of jobs that could be contracted out in each one.*
- (ii) *Give examples of the advantages and disadvantages that each company could reasonably expect to gain.*
- 13.2 *Explain what is meant by:*
- (i) *part-time staff*
- (ii) *temporary staff.*

Activity 14: Case studies

Competence Criterion 3.3

14.1 *Read the following case studies carefully and then write down your reaction to and assessment of each situation.*

14.2 *Make a list of the main issues in each case study.*

14.1 Discrimination

Mustapha was a regular soldier but was invalided out of the army owing to injuries sustained on mine-clearing duties. He now has an artificial eye (his left) and an artificial arm (also his left), but he has a positive attitude, remains smart, and is keen to start a new life. He has applied for the post of receptionist. He did not indicate on the application form that he had been severely wounded (he says there is no specific entry for this) and when he appeared for interview the panel were a little shocked by his appearance. Mustapha is upset because he has been turned down for the post of receptionist but he has been offered the lower-paid post of warehouse clerk instead. The decision is justified by the human resources department on the grounds that he omitted to report his injuries either on his form or in his letter and that his injuries would be off-putting to visitors.

14.2 References

The human resources panel interviewed a candidate whose performance was impressive. The application form and accompanying CV were excellent. The candidate's attitude, body language, eye contact and answers to questions were all that they should be. The panel members were unanimous in their choice and he was offered the job, subject to satisfactory references. It is the company's policy to wait until after interviews before calling for references. The two referees named by the candidate replied very quickly - one offered an ambiguous statement and it was difficult to decide whether it was favourable or not; the other offered a critical and damning appraisal suggesting incompetence, trouble-making and laziness.

Activity 15: Bucktowsing Medical |Supplies #5: Job advertisement

Competence Criterion 3.3

The company advertised in the national press hoping to recruit 20 management trainees. The essential entry qualifications are a degree (in any subject) and at least two years' industrial or commercial experience. The company is offering an attractive salary, fringe benefits and a profit-share scheme. However, there is no guarantee of continued employment after two years when the training comes to an end: trainees must then apply for permanent appointments and will be subject to a rigorous selection process.

As the company is expanding and enjoying significant market penetration, there are more opportunities for management. The advertisement was placed in a prestigious national daily newspaper and more than 550 people responded asking for application packs. In the event only 11 actually applied and, according to the human resources team, only four of those met the demands of the job and person specifications.

15.1 *Suggest reasons why the application rate was so low.*

Activity 16: Contracts of employment: termination

Competence Criterion 3.4

Define the four methods of bringing a contract of employment to an end:

16.1 *Resignation*

16.2 *Retirement*

16.3 *Redundancy*

16.4 *Dismissal*

Assessment Objective 4.0

Describe and evaluate the methods used to enable individuals and groups to work together effectively and resolve conflict

The organisation of work and the measurement of performance are essential elements when it comes to setting up a business and employing people. Even in 'ideal' organisational structures there can be conflict between individual employees or between the employer and employees. This section examines the ways in which people are organised and managed at work and how their conflicts are resolved.

Activity 17: Bucktowsing Medical Supplies #6: ways of organising work

Competence Criterion 4.1, 2.3

In the last decade or so there have been many changes to the ways in which work is organised. Two are examined here:

Flexitime

Different working patterns are applied throughout Bucktowsing's eight sites. Shift work operates in the production plants where fairly rigid hours are kept, but most of the office staff have the benefit of flexitime.

- 17.1 *Explain what is meant by flexitime.*
- 17.2 *Identify one advantage of flexitime to the employee.*
- 17.3 *Identify one disadvantage of flexitime to the employer.*
- 17.4 *Explain whether or not it is possible or advisable to extend flexitime to all employees at Bucktowsing Medical Supplies.*
- 17.5 *Identify a business known to you and explain whether flexitime might be appropriate. Give reasons for your answer.*

Home or teleworking

Bucktowsing employ sales staff or representatives who travel about the country selling, maintaining contact with clients, and developing goodwill. They all have desks in the sales and customer relations department and are required to attend the office on a regular basis to complete their paperwork. For some staff attendance at the office involves a lot of travelling and the time taken travelling to the office could be spent working for the company elsewhere.

The manager insists on the situation because he wants to keep a tight control over the department but there is growing dissatisfaction among the representatives. It has been suggested that, apart from essential briefing sessions, new product launches and the need to keep in touch with colleagues, the representatives might not need to work at head office.

- 17.6 *Explain what is meant by teleworking.*
- 17.7 *Suggest a solution to the problem outlined in the case study.*
- 17.8 *Explain how you would equip and support a representative if they are not required to work at head office.*

Activity 18: Matrix

Competence Criterion 4.1

The structure of a company tends to reflect its culture. A team of management consultants has investigated your company and recommended that it is reorganised from having a functional to a matrix structure.

18.1 *Explain what is meant by a matrix structure.*

18.2 *Identify two benefits of the structure to a company and two disadvantages.*

Activity 19: Cathay Cosmetics #1: Performance appraisal

Competence Criterion 4.2

Cathay Cosmetics was recently taken over by an American conglomerate, Acme Industrials. Acme has been introducing new ideas almost on a daily basis. They have put in place a totally new management structure and are in the process of reorganising the human resources division. One of their many new initiatives is performance appraisal, which is entirely new to the staff of Cathay Cosmetics. The prospect of being appraised is creating anxiety for employees, since Acme Industrials have the reputation for radically restructuring their companies often resulting in a huge reduction in the workforce. It is a widely held belief in Cathay Cosmetics that appraisal will be used to charge staff with incompetence so they can be dismissed or demoted.

As you are a human resources manager, a member of Cathay's staff has approached you as a friend for advice on appraisal.

19.1 *Explain the purpose of staff appraisal.*

19.2 *Describe how a staff appraisal should work.*

19.3 *Prepare a fact-sheet on staff appraisal for distribution to the workforce.*

Activity 20: Cathay Cosmetics #2: Accountability

Competence criterion 4.2

Acme Industrials bought Cathay Cosmetics relatively cheaply because, although the company was doing well and making a good profit, it wasn't reaching its potential. Cathay has some good managers but the culture of the company does not seem to encourage staff to exploit opportunities. Acme are introducing a policy of management accountability and redefining Cathay's targets. Some managers are wondering what this means.

20.1 *Define what management accountability means.*

20.2 *Explain how managers may or may not benefit from the policy.*

Activity 21: Potential conflict

Competence Criterion 4.3

The following cases all deal with situations that need discussion (i.e. through consultation and negotiation and perhaps even education) before they get out of hand and become major conflicts requiring the use of discipline and grievance procedures.

- 21.1 *Form a discussion group with three members and consider each of the following cases, allowing no more than 15 minutes each.*
- 21.2 *Report your reactions, views and conclusions back to a class plenary session. The emphasis should be on understanding the issues and recommending suitable ways of avoiding further conflict.*

21.1 Washing time

It has been a long-established custom that at the end of a shift factory employees are allowed to leave their machines ten minutes before the official clocking-off time in order to wash and change. The new production director has calculated that 1,000 factory employees spending ten minutes per day over a 50-week working year accounts for almost 42,000 hours. He feels this represents a lot of lost production and the company can no longer afford it. He has therefore decided, without reference to anyone else, to tell the factory employees that they must work those ten minutes.

21.2 Unexplained wealth

Marcello Ponti has an unskilled and low-paid job. He is a quiet man and has few friends in the company but his work is good and he is a reliable and respected employee. He has come to the attention of his manager because it has been reported that Marcello owns an expensive car. A fellow employee reported seeing him driving it. The manager has made limited enquiries and is surprised to learn that Marcello is supporting his daughter at university and his house is well furnished. The manager calls Marcello to his office and sacks him since he refuses to explain why he is apparently living above his means. The manager justifies his action by pointing out that there is a serious problem of theft within the company.

21.3 Collective agreements

The company has only recently recognised the right of its employees to join a trade union. This has resulted in most of the workforce joining a union, which is now making various demands. In particular it wants collective agreements, but management reckons it is up to each individual to negotiate pay and conditions because it keeps them motivated.

21.4 Worker Directors

The general secretary of the union has written to the company suggesting that an excellent way of motivating and involving employees is to appoint one or two worker directors to the board. The idea has horrified the managing director, who says that employees should stick to what they know best: their jobs. The company would decline dramatically if directors without business experience were appointed.

Assessment Objective 5.0

Explain and analyse how organisations reward, motivate and develop employees

This section of the syllabus draws attention to the way in which personnel are paid, rewarded, trained, developed and motivated.

Activity 22: Rewards and motivation

Competence Criteria 5.1, 5.2

Payments and rewards

The new managing director is of the opinion that competition, being the lifeblood of both the country and company, should be an element in the pay and reward structure. She has informed the human resources department that she is considering a massive restructuring of pay and incentives, as follows:

- Profit sharing for all employees.
- Payment by results for production and sales employees.
- Share-option schemes for all senior executives.

22.1 *Briefly describe each of these schemes and explain how they might encourage the managing director's idea of introducing competition into the pay and reward structure.*

Annualised hours

The pattern of work in one section of the company is subject to seasonal variation. It means that at peak times employees can earn overtime and bonuses but during the slack times their earnings fall because they only work part days. The company has decided to consult the employees in this section with a view to introducing annualised hours.

22.2 *You are given the job of convincing the employees that annualised hours would benefit both company and employee. Define 'annualised hours' and outline the advantages of the method.*

Differentials

The company has decided that employees on the lowest levels of pay are not earning enough. The employees undertake hard, dirty and often dangerous work and their pay barely lifts them above subsistence level. The pay increase to the low paid has been opposed by the skilled workers, who are complaining that their differentials will be eroded.

22.3 *Explain what is meant by 'differentials' and suggest why the skilled workers are upset.*

Activity 23: Fringe benefits

Competence Criterion 5.1

23.1 Examine the following list of fringe benefits

23.2 Number them in the order of your priority i.e. give 1 to the benefit that you think would motivate you most and 12 to the one with least appeal.

Benefit	Order
company car with unlimited personal use	
non-contributory pension scheme	
subsidised meals	
discounts when buying the company's products	
private medical insurance covering you and your family	
paid study leave	
free sports facilities	
profit-sharing scheme	
entertainment allowance	
low-interest loan scheme	
travel allowance	
share-option scheme	

23.3 Compare you list with a colleague. Identify and discuss any major differences.

Activity 24: Job satisfaction

Competence Criterion 5.3

A millionaire businessman says he doesn't work for money but for the pleasure he gets in owning and running a large company. He also says that the economy would be in better shape if the workforce at large did not ask for pay rises; they should be satisfied that they have jobs. Occasionally he gives his workers a small bonus to motivate them.

24.1 Explain what job satisfaction is.

24.2 Identify the various factors, incentives and circumstances that would enable you to achieve job satisfaction.

Activity 25: Training

Competence Criterion 5.4

Explain what the following training terms mean and identify one advantage and one disadvantage of each.

25.1 off-the-job training

25.2 on-the-job training

Activity 26: Bucktowsing Medical Supplies #7: Induction training

Competence Criterion 5.4

Apparently one in eight new recruits to the company leave within only a few weeks of joining the company. According to human resources research it is largely because they are not given enough support and guidance during the crucial first weeks. There is some difference of opinion about induction. Should it be done on the first day? Should it be a continuous process for the first five or six weeks? Should it be a mixture of both?

- 26.1 *Explain the purpose of induction training.*
- 26.2 *Suggest what a new employee needs to know on the first day.*
- 26.3 *Provide examples of good and bad induction training known to you and your colleagues. Discuss how the induction affected the recruit's attitude to the company.*
- 26.3 *Draw up an outline of a day's induction programme for newly recruited engineering apprentices.*

**MODULE
BUSINESS START-UP**

**Business
Advanced Level**

Business Start-Up [Advanced]
ACTIVITIES COMPETENCE CRITERIA MAPPING

AO	CC	Activities																		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.0	1.1	■	■	■																
	1.2				■	■														
2.0	2.1						■													
	2.2							■	■	■										
	2.3										■	■								
	2.4											■	■							
3.0	3.1														■					
	3.2														■					
	3.3														■			■		
	3.4															■	■	■		
4.0	4.1																		■	■
	4.2																		■	■

Detailed descriptions of the Competence Criteria for this module are given in the syllabus. Please refer to the syllabus when undertaking course activities and assignments.

All \$ amounts in the following activities are quoted in US dollars.

IDEAS FOR COURSE ACTIVITIES AND ASSIGNMENTS

This module is a good complementary study to Business Organisation & Environment and Business Finance as some of the activities can be used as cross modular assignments.

Students are not necessarily destined to set themselves up in business but the module helps them to understand the practical aspects of running business organisations. Tutors are directed to read the notes given in the syllabus.

The main aspect of this module is the preparation of the business plan which should be an on-going activity. Students are advised to start their researches into their business ideas from the beginning of the course. The activities contained in this guide are designed to help students focus on some of the more obvious issues.

Assessment Objective 1.0: Identify and describe a proposed business activity

The purpose of this element is to introduce the students to business ideas and the personal skills required to set-up a business.

Activity 1: Business Success

(competence criterion 1.1)

This is an introductory assignment which directs a student to look at a business and think about why it has apparently succeeded.

- 1.1 *Choose a national or local business and briefly investigate it.*
- 1.2 *Write down at least 5 but not more than 10 reasons or factors which you think indicate why it is successful.*

Activity 2: A Business Idea

(competence criterion 1.1)

Students need to be organised into groups of three. The object is to brainstorm ideas for new businesses. This activity needs to be followed by a tutor-led session in class when each group feeds back its ideas for general discussion.

- 2.1 *Choose two other students and form yourselves into a brainstorming group. At this stage you may not have decided what sort of business you would like to set-up but your group should attempt to identify workable ideas i.e. those business ideas which are feasible and can readily be investigated. By exchanging ideas collectively you may be able to identify suitable products or services to fill a 'gap in the market'.*
- 2.2 *Present your ideas to a feedback session of the full class.*

Activity 3: Mission statement

(competence criterion 1.1)

It has become quite usual for larger businesses and public service organisations in particular to adopt mission statements.

- 3.1 *[If possible] Collect two or three mission statements from business, charitable, and non-commercial organisations;*
- 3.2 *Explain the purpose of a mission statement.*
- 3.3 *Write a mission statement for an organisation known to you [e.g. your college, employer; club] OR for your prospective business.*

Activity 4: Networking

(competence criterion 1.2)

The ability [and willingness] to network could be regarded as an essential 'skill'. Students are required to explain what it means and how they would go about it.

Most people in the business world believe that networking is an essential activity or factor in being successful, or getting known within a sector, or resolving problems:

- 4.1 *Describe what networking is;*
- 4.2 *Explain how **you** would go about networking.*
- 4.3 *Comment on the extent to which networking ought to be encouraged.*

Activity 5: Personal skills audit

(competence criterion 1.2)

It is imperative that students appreciate the personal skills required to set up and run a business. This exercise asks the students to focus on what they believe are their skills and how, if appropriate, they are going to acquire or improve them.

The object of this exercise is that you identify the skills that you think are essential or desirable in any would-be entrepreneur. Complete the table below as follows:

- 5.1 *list the skills you think are required;*
- 5.2 *identify whether each skill is essential or desirable;*
- 5.3 *identify whether you have each skill;*
- 5.4 *assess your ability in and/or knowledge of any skill on a scale of 0-5 [with 0 representing no ability or knowledge];*
- 5.5 *in the final column suggest what action you need to take in order to improve or acquire any particular skill.*

Example: the first line has been completed just to give you an idea of how you should tackle the table. The response is based on the notion that you feel bookkeeping is essential but that you have no bookkeeping skill and in order to remedy that you will undertake the Business Finance module.

Skills required	Essential	Desirable	No	Yes	Scale of ability/ knowledge						Action to improve or acquire an appropriate skill
					0	1	2	3	4	5	
Bookkeeping	✓		✓		✓						Complete the Business Finance module

Assessment Objective 2.0:

Investigate and explain the process of setting up a business

This section focuses on the sources of help and advice. It also considers the features of the business organisations which are more likely to be of immediate interest to the students.

Activity 6: Sources of help and advice

(competence criterion 2.1)

The focus here is on the sources of help that are available to any would-be entrepreneur. Students need to consider which of them can be considered essential or not and what kind of help they offer.

- 6.1 Consider the list of sources in the accompanying table and indicate whether each source is essential or non-essential.
- 6.2 Complete the last column with brief details of the help you would expect to receive.
- 6.3 Add any other source of assistance you think appropriate.
- 6.4 Suggest which of these sources you would consult first and indicate why.

Source	Essential	Non-essential	Nature of information and/or assistance provided
Accountant			
Advertising agent			
Bank			
Business consultant			
Chamber of commerce			
Estate agent			
Insurer			
Lawyer			
Local government			
Surveyor			
Tax authority			
Trade association			

Activity 7: Features of business organisations I

[Competence Criterion 2.2]

Students are asked to complete the grid by filling in the boxes (with yes, no, ticks, crosses or brief explanations) so that they can compile an easy reference and comparative chart of the features of business organisations.

Features		Sole Trader	Partnership	Private company
Limited liability				
Number of members	Minimum			
	Maximum			
Stock exchange quotation				
Separate legal identity				
Liability in the event of bankruptcy				
Management control or direction				
Ownership				
Voting rights				
Maximum shareholding				
Disposal of shares				
Minimum capital requirement				
Main legislation or regulation under which the business is registered				

Notes

Activity 8: Features of business organisations II

(competence criterion 2.2)

This activity builds on number 7 and asks students to consider the pros and cons of each of the three types of business they are likely to establish.

8.1 Complete the accompanying table by identifying two advantages and two disadvantages of each of three business organisations.

Type of business	Advantages	Disadvantages
Sole trader		
Partnership		
Private company		

Activity 9: Franchise

(competence criterion 2.2)

Some business opportunities are available in the form of a franchise. Students are asked to consider the features of this form of trading.

You might decide to buy into a franchise.

9.1 Explain what a franchise is.

9.2 Identify two advantages and two disadvantages of buying into a franchise.

9.3 Identify any franchises which are available in your local area.

Activity 10: To buy or lease?

(competence criterion 2.3)

Having found suitable business premises, the decision needs to be taken whether to buy or lease. This activity asks students to analyse that choice.

10.1 Compare the advantages and disadvantages of buying and leasing business premises.

Choice	Definition	Advantage(s)	Disadvantage(s)
Buying			
Leasing			

Activity 11: The Souvenir Business

(Competence criterion 2.3)

This activity deals with the process of setting up a business. Students are put in the role of a business adviser and expected to display knowledge and understanding of the practical issues of running a business.

Wong Oi-Fan has won \$50,000 in a lottery and has decided it is enough to get her started in a small business. She wants to become a producer and retailer of souvenirs for the tourist market. She wants premises which will provide a shop, small workshop and storage space. In addition to making her own products, Oi-Fan will also buy direct from local and independent producers and artists. Her costings indicate she can set up business and survive for about 18 months before worrying about getting her investment back.

She has found premises and now has a list of contacts who can produce the goods for her. Oi-Fan believes she cannot really fail. Her father and aunt want to encourage her but they think she is not being prudent enough. Has she considered the future of the tourist market? What if she gets the pricing and supply wrong and makes a loss bigger than her resources?

You are a business adviser and Oi-Fan will listen to you.

- 11.1 Advise her on what factors she should consider in setting up her business, e.g. legal form of organisation, business plan, nature of the tourist market and so on.
- 11.2 It would help Oi-Fan if you could compile a checklist of all the relevant start-up activities with each item briefly explained.

Activity 12: Ararat Car Wash and Valet Services

(competence criterion 2.4)

This activity deals with an employment problem.

Khalid has just set up a car wash and valet business. Trade is good but unfortunately Khalid did not think carefully enough about the staffing side of the business. He has two full-time employees who have to work overtime to cope with the customers. He also employs other labour on an hourly basis when there is a rush of work. The two full-timers have threatened to leave unless the staffing is resolved. He has now calculated his staffing needs as follows:

Day	Personnel Required
Monday	4
Tuesday	3
Wednesday	2
Thursday	2
Friday	Closed
Saturday	5
Sunday	4

- 12.1 Advise Khalid on how to solve his staffing situation.
- (i) indicate the best way he can provide staff to cover the workload
- (ii) Suggest the advantages and disadvantages of employing full-time, part-time and casual staff.

Activity 13: Jubilee's Pantry

(competence 2.4)

This activity is designed to make the students think about stocking issues and how they affect the running of a business.

Jubilee Coetzee has always wanted his own business. He has bought a foodstore but knows little about the trade. He is learning fast but is concerned about stock control as most of his stock is perishable.

13.1 *Advise Jubilee on the most suitable method of stock control for this type of business.*

Assessment Objective 3.0 Analyse and explain the elements of business finance

The aim of this objective is to examine business finance and the role it plays in the running of a business.

Activity 14: Mandarin Business Consultants (Finance)

(Competence Criterion 3.1, 3.2, 3.3)

This activity is designed to alert the students to various sources of finance available to a new business - personal sources, internal sources or from financial institutions.

You work for a company called Mandarin Business Consultants which specialises in finance and business start-up. Your company is concerned that a lot of new businesses fail because of their lack of understanding of business finance.

It has been decided to offer a series of seminars aimed at both new businesses and small businesses looking to expand. The object is to extend the consultancy's client-base but it is also hoped that the seminars will raise awareness of finance.

You have been asked to take part in these seminars by giving talks on the following topics:

1. *Types of business finance:* share capital, debentures, loans, overdraft, leasing, hire purchase, trade credit and customer finance.
2. *Sources of personal finance:* cash, savings, investments and property.
3. *Internal sources of finance available to a business:* partners, profits.
4. *External sources:* finance houses, factoring companies, leasing companies.

14.1 *Prepare a booklet which can be handed out at the seminars giving brief descriptions of the types and sources of finance.*

Activity 15: Primrose Campbell's Drapery

(Competence Criterion 3.4)

This activity is designed to ensure that the students are aware of what direct and indirect costs are and that they have the ability to categorise the different costs incurred by a business.

Primrose Campbell owns a drapery business making curtains and soft furnishings. The following costs have been incurred by Primrose during the last month.

Insurance	packer's wages	machinists' wages
Petrol	binding	fabric
Heating	thread	power for the sewing machines
Cleaner's wages	telephone	delivery person's wages
Stationery	packaging	lighting

- 15.1 *Separate the costs into direct and indirect costs.*
- 15.2 *Decide on two local businesses and identify the items and most likely costs of setting up those businesses. Separate the costs into direct and indirect costs*
- 15.3 *state which costs, identified in 15.2, will continue once the business are established.*

Activity 16: Suharto Electronics

(Competence Criteria 3.4)

Financial matters are dealt with in detail in the Business Finance module but some discussion on break-even analysis helps students to develop an understanding of the relationship between costs and prices.

Suharto Electronics is a hi-tech firm. It is young but has already developed a successful computer game which sells 70,000 units annually at \$18 each. Suharto's fixed costs are \$900,000, with unit variable costs at \$1.90.

- 16.1 *Use an appropriate method, e.g. break even chart or contribution method, to calculate the break-even point for Suharto (both in terms of number of games and \$ sales).*
- 16.2 *Supposing fixed costs are reduced by 5% but variable costs rise by 10%, calculate the new break-even point (number of games and \$ sales).*

Activity 17: Moroccan Holiday Chalets

(Competence Criterion 3.3, 3.4)

This case directs the student to focus on the process of forecasting costs and profits.

Abdul and Aziz have just purchased a holiday chalet complex in Morocco costing \$500,000. They paid a deposit of \$220,000 and took out a mortgage of \$280,000 which is repayable by monthly instalments of \$3,000.

They plan to undertake the annual repairs and renovations in January and February of next year.

It is now the beginning of June and they have a bank balance of \$230,000. They have started their year with no stock. Their only income is chalet rental.

Income and expenditure for the year [in US\$]:

Month	Income \$	Expenditure \$
June	16,000	electricity 2000, insurance 1,500, stationery 200, suppliers 6,000, telephone 600, wages 3,000
July	18,000	poolside furniture 2,800, postage 120, printing 300, wages 4000
August	17,000	cleaning materials 200, petrol 200, pool maintenance 1,000, wages 2,000
September	15,000	electricity 3,000, lighting repairs 400, petrol 300, suppliers 2,000, wages 3,000
October	8,000	cleaning materials 100, printing 2,800, telephone 700, wages 3,500
November	5,000	postage 200, suppliers 3,000, wages 2,000
December	5,000	electricity 800, paint 500, wages 1,800
January	nil	building work 17,000, maintenance 3,000, postage 40, telephone 400, wages 200
February	nil	building work 5,000, maintenance 3,000, telephone 120, wages 200
March	2,000	insurance 3,000, postage 200, suppliers 4,000, wages 2,000
April	13,000	electricity 900, painting 900, petrol 200, wages 3,500
May	24,000	telephone 500, wages 3,000

- 17.1 Draw up a cash-flow statement for the coming year, incorporating all the relevant expenses and incomes as listed above, clearly showing the opening and closing balance for each month. Construction work is planned for January and February and Abdul and Aziz are concerned that their funds will not cover this.
- 17.2 Once the cash flow statement has been completed, make recommendations to Abdul and Aziz regarding their options e.g. Will they need to seek additional finance during any months of the year and for how long will they need it? What sources of funding would you suggest?
- 17.3 Using the information available, draw up a forecasted profit and loss account and balance sheet for the coming twelve months, showing any profits. At the end of the year they will owe their suppliers \$900 and have stocks of \$4,000. The depreciation for their vehicle and the furniture is to be 12%.

Assessment Objective 4.0
Understand and produce a business plan

Activities 18 & 19 are designed to make the students structure their thoughts and to focus on what the aims of a good business plan should be. One function of a business plan is to test the business idea and make sure that all eventualities have been considered. Details of what is required at this level are given in the syllabus under competence criterion 4.2.

Activity 18: Mandarin Business Consultants (Business Plan)

(Competence Criteria 4.1, 4.2)

You work for Mandarin as a business start-up consultant and have an appointment to see Enrique Lopez who wants to open his own furniture-making business. He knows he needs additional financial support and has approached his bank manager who told him that he must produce his business proposal in the form of a business plan. Enrique Lopez does not know how to produce a business plan. The object of your meeting with him is to discuss the production of a business plan.

- 18.1 *Write a series of brief headings and notes that you can give to Enrique Lopez to demonstrate how a good business plan should be drafted - what it should contain, who it is aimed at, and what is it designed to achieve.*

Activity 19: Mainstream Music

(competence criteria 4.1, 4.2)

Having identified a gap in the market, you have decided to open a music store in the town centre. You know that you must write a business plan but must firstly gather together all the essential information. To prepare for the completion of the business plan, research and prepare the following areas:

- 19.1 *Prepare a summary of your business proposal i.e. an overview of the business and its aims and objectives.*
- 19.2 *Set long- and short-term objectives for the business in terms of sales, profitability, market share, pricing policies and sales and distribution methods.*
- 19.3 *Outline the service you are to provide, together with any key features or benefits that will attract customers.*
- 19.4 *Carry out market research to demonstrate the gap in the market.*
- 19.5 *Profile your customer base, highlighting any specific features such as incomes, location, class, price, quality and after-sales service required.*
- 19.6 *Explain the type of business structure you require your business to have.*
- 19.7 *Explain the operation of the business identifying e.g. premises, main sources of supply, the essential resources you will need in order to set up the business, accounting systems, employment requirements*
- 19.8 *A projected two-year cash-flow forecast, profit and loss accounts and balance sheets should be completed with a break-even chart clearly showing the number of CD/DVDs that will have to be sold during the year in order to break even.*