

BTEC Level 3 Extended Diploma Business

Introduction to Business



Student workbook

Name:

Teacher:

What does this qualification cover?

This qualification gives you an experience of the business sector that will prepare you for further study or training. There several topics to cover on the course, the learning programme covers the following content areas:

- business environments
- finance
- marketing
- international business
- management

The optional units have been designed to support progression to business courses in higher education, and to link with relevant occupational areas. They cover content areas such as:

- human resources
- accounting
- financial services
- marketing
- law
- retail.

What could this qualification lead to?

The qualification carries UCAS points and is recognised by higher education providers as contributing to meeting admission requirements to many relevant courses, for example:

- BSc (Hons) in Business and Management
- BA (Hons) in Business and Finance
- BA (Hons) in Business with Human Resource Management
- BA (Hons) and BSc (Hons) in Business Studies
- BSc (Hons) in International Management
- BSc (Hons) or BA (Hons) in Marketing
- BSc (Hons) in Retail Management

How the course starts

In an introductory unit, you study the purposes of different businesses, their structure, the effect of the external environment, and how they need to be dynamic and innovative to survive.

A business is any activity that provides goods or services, whether that is to make a profit or not. The common thread in business is that owners and employees are striving to satisfy customers. Nowadays, customers are more informed and have more options in terms of what they buy and who they buy from, so a successful business is one that balances satisfying their customers with selling products or providing services.

You will gain an overview of the key ingredients for business success, how businesses are organised, how they communicate, the characteristics of the environment in which they operate, and how this shapes them and their activities. You will also look at the importance of innovation and enterprise to the success and survival of businesses, with the associated risks and benefits. By developing relevant business knowledge and understanding, this will help you to progress to employment, vocational training and higher apprenticeships, or higher education.



Task 1- What are the key features of business?

Consumers rely on businesses every day. Make a list of businesses, starting with any you have used this week. How many sell products? Which provide services?

Business	Sells products	Provides a service
Example: Tesco	✓ - They sell food, drinks, clothing, and electronics	✓ - They provide a mobile phone service and banking facilities.

Read through the information below and complete the activities as you go along.

Features of businesses

Another word for 'feature' is 'characteristic' or 'attribute'; therefore business features comprise the characteristics that make up every organisation. For example, if you refer to the list you created earlier, you may have identified some businesses as one-man-bands, known as sole traders, such as a plumber or mobile hairdresser offering a service to customers who live locally. Other businesses might be very big and sell their products or services around the world, such as the BBC, Virgin Atlantic and GlaxoSmithKline.



Your list should have included businesses of different sizes, purposes and possibly the types of customers who use their services or buy their products. You, your peers, friends and family will favour some of the same and different businesses and no doubt share different experiences. You will now explore the range of features

as separate characteristics.

Ownership and liability

Businesses are owned in one of three ways: private, public and not-for-profit.

Private

Private businesses are those owned by citizens and therefore they are liable for all aspects of the business. Owners of private businesses are likely to take many risks as they are in business to make a profit. Privately owned businesses can be of any size and owned by many partners. Some of the largest include:

- Virgin
- BT
- Asda



Not-for-profit

Businesses which do not aim to make a profit are often charitable organisations, such as the international Médecins Sans Frontières which provides doctors and nurses across the globe to in-need areas. Businesses like this often share many of the same features as private and public businesses, such as running on normal business lines, and have many paid workers but only seek to make enough money to cover running costs. Voluntary organisations are also not-for-profit businesses. They are set up,

Different types of Privately owned business

Businesses can vary in their type of private ownership. Some are owned by just one person or a small group of people, some are owned by large numbers of shareholders. In the United Kingdom the majority of businesses (but not all) are sole traders, limited companies or business partnerships.

Task 5 - Research each type of ownership, give a summary of each, then provide examples of the advantages and disadvantages for each ownership.

Sole trader

<u>Description</u>	
<u>Example</u>	
<u>Advantages</u>	<u>Disadvantages</u>

Partnership

<u>Description</u>	
<u>Example</u>	
<u>Advantages</u>	<u>Disadvantages</u>

Private limited company (Ltd)

<u>Description</u>	
<u>Example</u>	
<u>Advantages</u>	<u>Disadvantages</u>

Public Limited Company (PLC)

<u>Description</u>	
<u>Example</u>	
<u>Advantages</u>	<u>Disadvantages</u>

Co-operative

<u>Description</u>	
<u>Example</u>	
<u>Advantages</u>	<u>Disadvantages</u>

Liability

To protect the business against the risk of being sued or held legally responsible, anyone owning or running a business should insure against such liability. There are multiple insurance companies offering such cover and, as with any insurance (for example, car or house insurance), they offer it at different rates and with different terms and conditions. Insurance for liability includes Public Liability Insurance and Directors' and Officers' Insurance (D & O). Depending on the ownership, size and type of business, the cover will also vary.

Task 6 - Research the difference between unlimited liability and limited liability

Unlimited liabilities	Limited liabilities

Additional Reading

Scope of business activities

Local

The scope of a business means the range covered by that business. Earlier you looked at the features of businesses and suggested that some business types are more likely to offer their services locally, for example mobile hairdressers, plumbers and gardeners. A local business is usually one which is owned locally and serves just the local area, such as an independent village shop or perhaps a pub which is owned by local residents. There are, of course, exceptions and you could probably identify some. Some local businesses, such as your local council office, are part of a much bigger organisation although they provide a service to the local area.

National

You probably use businesses which operate nationally fairly frequently and possibly have not considered this before. Some could appear to be a local business (especially if you are served by the same staff) but the business might be a franchise. You may know some franchised businesses in your area, for example Dunkin' Donuts, Harvey's Furniture Store, Kwik Fit and possibly one of the most well known, McDonald's.

The government defines a franchise as 'the owner of an established business format (the franchiser) grants to another person (the franchisee) the right to distribute products or perform services using that system' and a fee is paid to the franchiser according to the terms of their agreement.

International

International businesses do business transactions that take place across national borders. Since the birth of the internet, international business has been provided with worldwide opportunities to sell products and services. Since the first email was sent in the early 1970s and the internet became widely available from 1990, the world appears to have become smaller and certainly more accessible.

Measuring the size of a business

So far, this unit has referred to businesses of different sizes as small or large. To accurately quantify the size of a business, strict definitions exist, in Europe, there are three broad parameters that define businesses:

- Micro-enterprises have up to 10 employees
- Small enterprises have up to 50 employees
- Medium-sized enterprises have up to 250 employees
- Large businesses 250+ employees

The UK parliament publishes reports on the contribution businesses have made to the economy. According to the data supplied by BIS in its Business Population Estimates

(2014) there were 4.9 million businesses in 2013, which increased to 5.2 million in 2014. More than 99 per cent were SMEs and employed almost 14.5 million people, contributing to almost half of the UK economy. The number of micro businesses also rose slightly to 5 million.

Task 7 - The features contributing to the success of contrasting businesses.

Assignment task

Using all of the 3 businesses you have written about in this booklet, produce a report explaining the key features of each business. This should include:

- Overview
- the type of ownership it has and liabilities that come with it
- The scope of the business and its size.

This needs to be typed as a word document and submitted in your first lesson.