

Scheme of work: two years

This scheme of work for GCSE Business Studies (8132) is designed to suggest possible activities and resources that you may find useful in your teaching.

Assumed coverage

This scheme assumes the GCSE is taught over two years, with two hours of teaching per week. This equates to approximately 60 hours per year and 120 hours over the two-year course. All suggested timings are approximate and will depend on the ability of students and the activities used to teach topics. This scheme of work is designed as a suggestion only and not as a prescriptive approach. Due to the time frame of the course schools are encouraged to include exam preparation examples and tasks throughout the course.

Year 1

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| Specification reference | Teaching hours |
| 3.1 Business in the real world (3.1.1-3.1.7) | 25 hours |
| 3.2 Influences on business (3.2.1-3.2.6) | 20 hours |
| 3.4 Human resources (3.4.1-3.4.4) | 15 hours |

Year 2

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| Specification reference | Teaching hours |
| 3.3 Operations management (3.3.1-3.3.4) | 20 hours |
| 3.5 Marketing (3.5.1-3.5.4) | 25 hours |
| 3.6 Finance (3.6.1-3.6.4) | 15 hours |

3.1 Business in the real world

Teach before: 3.2 Influences on business

3.1.1 The purpose and nature of businesses

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
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| Purpose of business  Reasons for starting a business | To understand what a business is and the reasons for starting a business. | Reasons for starting a business include: producing goods, supplying services, distributing products, fulfilling a business opportunity and providing a good or service to benefit others. | 1 | Business types – show pictures of a variety of businesses – students to explain what the purpose of each business is.  Stretch and challenge opportunity – students to generate ideas of other businesses that are created for each purpose.  Purpose and nature of business - [BBC Bitesize webpage](https://www.bbc.co.uk/bitesize/guides/zvpk47h/revision/1)  Reasons for starting a business will overlap with entrepreneur’s objectives. See section below for further ideas. |
| Basic functions and types of business | To understand the difference between goods, services, needs and wants. |  | 1 | Camping decisions – have a list of items for a camping weekend. Which items are needs and which items are wants?  Or [NASA moon exercise](https://www.csuchico.edu/anthmuseum/_assets/documents/nasa-exercise-survival-on-the-moon.pdf)  Goods vs services – [Tutor2U webpage](https://www.tutor2u.net/business/blog/qa-what-are-goods-and-services#:~:text=Goods%20are%20tangible%20things%20that,or%20businesses%20do%20for%20you.)  Worksheet or mini white board activity – students to categorise lists or pictures into goods and services.  Extension  Encourage students to identify and explain examples of goods and services in more complicated scenarios like a restaurant or going to the cinema. |
| To understand the meaning of factors of production.  To define opportunity cost.  To define the three sectors of primary, secondary and tertiary and give examples of types of businesses that operate in each sector. | Characteristics of an entrepreneur include being hard working, innovative, organised and willing to take a risk. | 1 | Picture of PS4 – what resources have been used to create the product?  [What resources go into making hot dogs?](https://www.hot-dog.org/culture/how-hot-dogs-are-made)  For reference – [factors of production](http://www.tutor2u.net/economics/reference/factors-of-production)  Images of takeaway/delivery options (pizza, Chinese food etc), students to explain which they would choose and why.  Students to create a simple budget of money earned and money spent over the last month to realise that they have a choice to make when spending money.  Explain the opportunity cost of time – the benefits of school work or playing computer games.  Video showing a specialist in a particular area – explain the opportunity cost of their time to get to this level – [Rubik's cube world record video](https://www.theguardian.com/technology/video/2015/nov/24/boy-completes-rubiks-cube-in-49-seconds-word-recordvideo)  [Choice of investments on Dragons' Den](http://www.bbc.co.uk/dragonsden/entrepreneurs/)  [Primary, secondary and tertiary sectors](http://www.bbc.co.uk/schools/gcsebitesize/business/aims/aimsandactivitiesrev3.shtml) – explain the three sectors. Students to generate examples of businesses in each section or sorting activity putting examples under the correct heading.  Explain a simple chain of production – a tree being cut down, wood made into a chair, a chair being sold in a retailer.  Students to draw their own examples of a chain of production.  [Nestlé case study](http://businesscasestudies.co.uk/nestle/from-bean-to-bar-the-production-process/chain-of-production.html#axzz4Q0ASKFBC) |
| Business enterprise and entrepreneurship | To understand the term enterprise and what is meant by an entrepreneur.  To outline the characteristics of an entrepreneur. |  | 1 | Pictures of famous entrepreneurs – students to guess names. Clip from Peter Jones –[Peter Jones How we made our Millions - (Michelle Mone, Richard Reed)](https://www.youtube.com/watch?v=foWMmY3xSuk) Dragons’ Den [article](http://startups.co.uk/dragons-den-success-stories-worthenshaws/) about successful entrepreneurs.  Research task – students to research a famous entrepreneur – what is their business, how did they start etc.  [Jeff Bezos Success Story article](https://www.ceotodaymagazine.com/2022/07/jeff-bezos-the-inspirational-success-story-of-amazons-founder/)  [Rihanna entrepreneur article](https://www.businessinsider.com/rihanna-business-ventures-fenty-beauty-savage-x-fenty-history-2021-8?r=US&IR=T)  Students to produce a list of characteristics of entrepreneurs.  Extension  Students to explain which characteristic they think is the most important. This can be done using a diamond 9 template. |
| To outline the objectives of an entrepreneur. | Objectives of an entrepreneur include being their own boss, flexible working hours, to pursue an interest, earn more money, identify a gap in the market and dissatisfaction with current job. | 1 | Using video clips from previous lessons or the one below, students to list the main objectives of an entrepreneur – [five minutes with Lord Sugar](http://www.bbc.co.uk/news/business-11604884)  Social responsibility objective – [video: what Jamie Oliver's restaurant Fifteen is all about](https://www.youtube.com/watch?v=Tvs-2wEgGAc)  Entrepreneurs – [Duncan Bannatyne](http://businesscasestudies.co.uk/bannatyne/from-ice-cream-van-to-dragons-den-duncan-bannatyne/introduction.html#axzz4WsxsXTrg) |
| Dynamic nature of business | To understand that businesses face a constantly changing business environment. | Changes in business environment include changes in technology, economic situation, legislation and environmental expectations. | 1 | Students to list the main external factors that impact a business.  For each article students should briefly explain the impact on businesses.  Economic factors  [Telegraph article on financial crisis](http://www.telegraph.co.uk/finance/recession/3492142/Financial-crisis-UK-cant-afford-its-shopping-addiction-anymore.html)  [BBC article on employment](https://www.bbc.co.uk/news/business-64450882)  Changing legislation  [BBC article on child car seat rules](http://www.bbc.co.uk/news/uk-36153451)  [Gov.uk webpage on national minimum and living wage rates](https://www.gov.uk/national-minimum-wage-rates)  Environmental factors  [Dragons' Den video](http://www.bbc.co.uk/dragonsden/entrepreneurs/adejaredoherty.shtml) – why is there an increasing number of environmentally friendly businesses?  [Guardian article on 5p plastic bag charge](https://www.theguardian.com/environment/2015/dec/05/plastic-bag-usage-down-78-since-introduction-of-5p-charge-says-tesco)  Changing technology  Show a [picture](https://www.aboutamazon.co.uk/news/operations/photos-of-amazons-new-prime-air-drone) of Amazon’s new Prime Air drone – students to guess what the drone does.  [BBC article on 3D printers](http://www.bbc.co.uk/news/technology-37176662)  Research – students to identify an example of how changing technology has impacted businesses.  Show [Polaroid case study](http://www.bbc.co.uk/programmes/p010v0rb) – example of the impacts of changing technology. |

3.1.2 Business ownership

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Sole traders  Partnerships | To understand what is meant by a sole trader and the benefits and drawbacks of this legal structure.  To understand what is meant by a partnership and the benefits and drawbacks of this legal structure. | Benefits and drawbacks of each legal structure include issues such as management and control, sources of finance available, liability and distribution of profits. | 1 | Show pictures and logos of a variety of businesses – ask students what the difference is between these businesses (eg number of employees, number of owners, objectives) – different business situations require different legal structures.  Pick out main benefits and drawbacks of being a sole trader from [bitesize sole trader video](https://www.bbc.co.uk/bitesize/guides/zdc6mfr/revision/1) or [exploring the sole trader business model](http://www.bbc.co.uk/education/clips/zpwfvcw)  Students to list the main benefits and drawbacks in pairs.  Extension  Why is it now easier than ever to set up as a sole trader and reach a large market?  Spot the errors paragraph about sole traders.  Use business examples like a local solicitors or doctors to illustrate the benefits of partnerships – show the range of services on offer due to different specialists.  Ask students the issues/problems they face when working in pairs or teams – link this to conflicts and disagreements in partnerships.  Explain how these can be resolved by having a deed of partnership.  Students to generate a simple business idea with a partner and create a deed of partnership.  Complete question 1b) 4 marks sole trader Paper 1 June 2016. |
| Private limited companies (Ltd) | To understand what is meant by a private limited company and the benefits and drawbacks of this legal structure.  To understand the concept of limited liability and which businesses benefit from this. | No understanding of the legal process of incorporation is expected. | 1 | Show introduction to limited companies – [Ltds and Plcs](http://www.bbc.co.uk/education/clips/zw3xtfr)  Explain the difference between businesses and companies.  Show a short clip from Dragons’ Den – why do businesses want to involve other investors?  Why is limited liability helpful in this situation? [Guardian article - 'Super-sized' teenagers sue McDonald’s](https://www.theguardian.com/world/2002/nov/24/health.healthandwellbeing) |
| Public limited companies (Plc) | To understand what is meant by a public limited company and the benefits and drawbacks of this legal structure. |  | 1 | Show [latest share prices](https://www.hl.co.uk/shares/stock-market-summary/ftse-100) for famous Plcs.  List of businesses who are Plcs and Ltds – include some which students might imagine are Plcs (eg Nintendo and Virgin group) – why would big businesses maintain their Ltd status?  Fill in the gaps exercise assessing understanding of legal structures.  Share [Global Investor Challenge](https://www.globalinvestorchallenge.com/) |
| Not-for-profit organisations | To understand what is meant by a not-for-profit organisation and the benefits and drawbacks of this legal structure.  To evaluate which legal structure would be the most appropriate for a variety of business examples. | Including new start-up businesses and large established businesses. | 1 | [Interview with Big Issue founder](https://www.newbusiness.co.uk/articles/entrepreneurs/changing-perceptions-new-business-interviews-lord-john-bird-mbe-founder-big-i) – students to identify reasons for starting a not-for-profit organisation.  Research not-for-profit organisations in the local area – why have they been set up? What is the social need that they are trying to improve?  [Telegraph article](http://www.telegraph.co.uk/news/politics/12183741/Curb-the-number-of-inefficient-charity-shops-that-clog-up-our-high-streets-say-charity-campaigners.html) – what might be the potential drawback of these organisations?  [Which type of business?](https://www.businessed.co.uk/index.php/home/activities/l2-activities-topic#business-organisations)  Students to create a table (without/minimal resources) including columns for type of legal structure, definition, benefit (x2), drawback (x2), real world example and size of business – what size of business would be most appropriate for the legal structure?  Students given different business examples/scenarios – in groups they should judge which legal structure they would choose and justify why that is the most appropriate structure. |

3.1.3 Setting business aims and objectives

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
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| What are business aims and objectives?  Purpose of setting objectives  Role of objectives in running a business | To understand the main aims and objectives for businesses.  To understand the role of objectives in running a business. | The main aims and objectives for businesses include survival, profit maximisation, growth (domestic and international), market share, customer satisfaction, social and ethical objectives and shareholder value. | 1 | Students to brainstorm the main aims of the school.  Teacher input on the difference between aims and objectives.  Students to write themselves an aim and an objective for studying GCSE Business Studies.  Reference – [Tutor2u - aims and objectives of a Business GCSE](http://www.tutor2u.net/business/reference/aims-and-objectives-of-a-business)  What does this suggest are Apple’s main objectives? [iPhone sales](https://brandtao.files.wordpress.com/2014/10/global-apple-iphone-sales-q3-2007-to-q3-2014.png)  Using the student’s aims and objectives from the previous lesson – why is it helpful to set these objectives?  Students to brainstorm the groups or individuals who would be interested in the objectives set – investors, managers, employees etc.  Why would these groups be interested in the objectives set?  Summary spider diagram on reasons for setting objectives. |
| Changing objectives | To understand how and why the objectives set will differ between businesses.  To understand how and why the objectives set may change as businesses evolve. | Reasons for differing objectives include the size of the business, level of competition faced and type of business (not-for-profit organisations).  Students should consider how the objectives of larger more established businesses might differ from smaller start-up businesses, eg becoming the dominant business in the market, international expansion, increasing shareholder value and ethical and environmental considerations. | 1 | Students given three businesses – a local business, a national business and an international business. What would be the main two objectives that each business would set?  Smaller business may focus more on survival – [Guardian article on the high street](https://www.theguardian.com/business/2015/mar/16/uk-high-streets-more-shops-close-than-open-net-closures)  How might Starbucks’s objectives change over time? [Article - Five Things Starbucks Did to Get China Right](https://www.forbes.com/sites/helenwang/2012/08/10/five-things-starbucks-did-to-get-china-right/)  Do larger businesses have more ethical and environmental considerations? [Sky's environment webpage](https://news.sky.com/topic/environment-9680)  Why are businesses concerned with shareholder value? [Yahoo's finance webpage](https://uk.finance.yahoo.com/q?s=FB)  Established businesses focus on new product development to establish dominance in the market – [BBC article on Playstation VR competition](http://www.bbc.co.uk/news/technology-35813653). Is it always successful? |
| Use of objectives in judging success | To understand the success of a business can be measured in other ways than profit. |  | 1 | What were the main objectives for this business? [Dragons’ Den clip on Youdoodoll](https://www.youtube.com/watch?v=PF6ZBqaAcY8)  Did the business achieve these objectives? [Telegraph article on Youdoodoll](https://www.telegraph.co.uk/finance/yourbusiness/5384387/Sarah-Lu-is-all-dolled-up-but-still-waiting-for-a-big-order.html)  What other methods can be used to measure success? [Article on ethical buying at Lush](https://weare.lush.com/lush-life/our-values/ethical-buying/)  Students create a spider diagram of how businesses may judge success. |

3.1.4 Stakeholders

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Main stakeholders of businesses  Objectives of stakeholders | To understand what is meant by a stakeholder and who the main stakeholders of a business are.  To understand the main objectives of stakeholders. | Stakeholders of a business including owners, employees, customers, local community and suppliers.  Main objectives including maximising pay for workers, minimising environmental impact on local community and high dividend payments for owners. | 1 | Starter – students to guess what this product is for – [image of an ostrich pillow](https://static.dezeen.com/uploads/2012/09/dezeen_Ostrich-Pillow-by-Kawamura-Ganjavian_5.jpg)  Students discuss which groups/individuals would be interested in the success of the ostrich pillow and its [new department store contract](http://www.dailyecho.co.uk/news/10159771.display/)  Teacher led definition of a stakeholder.  Students create a spider diagram of the main stakeholders of a local business.  Stakeholders objectives – [BBC Bitesize](https://www.bbc.co.uk/bitesize/guides/zh3qwty/revision/2)  Pair work – for each stakeholder, pairs decide on the main objective that the stakeholder desires. You may want to show a range of pictures to help students understand the main objectives, for example [strike action](http://eagnews.org/wp-content/uploads/2014/10/Chicago-fast-food-workers-strike.png) and [growth of money](http://jamesmax.co.uk/wp-content/uploads/2011/06/profit1.jpg) etc. |
| Impact of business activity on stakeholders  Impact and influence stakeholders have on businesses | To understand the impact that business activity and decisions have on stakeholders.  To understand the impact and influence stakeholders have on businesses and their objectives.  To understand how businesses may face conflict between stakeholders. |  | 1 | Show [Tesco Superpower Money programme](https://www.youtube.com/watch?v=dn5dg1EmbkM)  Students to identify the main impacts that Tesco’s actions have had on their stakeholders, eg consumers – lack of choice, competition – forced out of the market.  Recap over material covered under stakeholders and introduction to conflicts – [BBC Bitesize video](https://www.bbc.co.uk/bitesize/guides/zh3qwty/revision/5)  How do the media play a role in influencing businesses? [BBC article on Nestlé child labour](http://www.bbc.co.uk/news/world-africa-15917164)  What has the government done to try to restrict the issue of sugar in fizzy drinks? [BBC article and video](https://www.bbc.co.uk/news/health-43659124) and [BBC article](http://www.bbc.co.uk/news/health-35824071)  Sky News article and video on [Coca Cola](https://news.sky.com/story/coca-cola-to-pass-on-majority-of-sugar-tax-10294477)  How does the Coca-Cola case study show a conflict in objectives?  Link back to the Tesco video from last lesson – how do the problems identified in the video show conflicts in objectives?  Students to identify one clear conflict (eg shareholder objectives vs local community or customer objectives).  [Stakeholder conflicts – Shell](https://www.theguardian.com/business/2021/may/18/shell-faces-shareholder-rebellion-over-fossil-fuel-production)  Complete question 3c) 4 marks Paper 2 June 2013. |

3.1.5 Business location

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| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| Factors influencing the location decision of a business | To understand what is meant by location.  To understand the factors that influence the location decision of a business.  To evaluate the appropriate location for a variety of businesses. | Factors that influence where a business is located include proximity to the market, availability of raw materials, labour, competition and costs. | 1 | Choose a local business – Students decide on the main benefits of locating where they have.  [BBC Bitesize webpage on the importance of location](https://www.bbc.co.uk/bitesize/guides/zvkh6v4/revision/2)  Students to consider where they would buy a house/flat – what features would they look for in their ideal location?  Students to create a spider diagram for the main factors that influence the location decision of a business.  Complete question 1c) 6 marks Paper 1 June 2014 or 1b) 4 marks Paper 2 June 2015.  Research/computer activity – students plot on a local map where they would locate a variety of businesses. Businesses could include a cinema, a theme park, a designer clothes shop, a luxury hotel, a specialist sports shop, an Ebay shop and a car factory.  Students should write a paragraph justifying their location decision for each business explaining clearly why they have chosen the location and any issues that they face.  Complete question 3c) 9 marks Paper 1 June 2015 or 3c) 9 marks June 2013. |
| To understand why some businesses decide to locate in other countries. |  | 1 | Show figures for [average labour costs around the world](https://data.oecd.org/lprdty/unit-labour-costs.htm)  Show figures for [fastest growing economies and markets](https://en.wikipedia.org/wiki/List_of_countries_by_real_GDP_growth_rate#/media/File:Gdp_accumulated_change.png)  Students list the main advantages of international location.  Read [article](https://www.theguardian.com/world/2014/mar/16/primark-payout-victims-rana-plaza-bangladesh) about Primark in Bangladesh.  Language issues – [product names that mean unfortunate things in other languages](http://mentalfloss.com/article/31168/11-product-names-mean-unfortunate-things-other-languages)  Students list the main disadvantages of international location.  Student task – you are the production director of Cadbury. You have been asked to produce a report summarising whether Cadbury should focus increasing the size of its current factories in Bournville or move all production facilities abroad to Ghana.  [Can Ikea succeed in India?](http://www.tutor2u.net/business/blog/ikea-expands-into-india)  Complete question 2d) 9 marks Paper 2 June 2012. |

3.1.6 Business planning

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
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| The purpose of business planning  The main sections within a business plan | To understand the reasons why businesses create plans.  To understand the main sections of a business plan. | Reasons include importance in setting up a new business, raising finance, setting objectives and detailing how functions of a business will be organised.  Students will not be expected to write a business plan. | 1 | Students plan what they intend doing at the weekend – why is it helpful for them to make a plan? (organise time, ensure they have the right resources to fulfill ideas etc)  Prince’s trust – [business plans](https://www.princes-trust.org.uk/help-for-young-people/tools-resources/business-tools/business-plans?gclid=CLHrv7PbstACFVdAGwodn_YCSw).  [BBC Bitesize video on raising finance](https://www.bbc.co.uk/bitesize/guides/zfn7qp3/revision/1)  [Strategy theory](http://businesscasestudies.co.uk/business-theory/strategy/business-plan.html#axzz4QNZSxeoE)  [Slideshow for business planning](http://www.tutor2u.net/business/reference/business-planning-for-a-new-business-revision-presentation)  Pair work – use this [resource](http://www.tutor2u.net/business/reference/starting-a-business-contents-of-a-startup-business-plan) to create a simple business plan. The plan should be based around a product design generated by the students. Although there is no requirement to write a business plan for the exam, this is a good activity to help students identify and understand the different components of a business plan. |
| To analyse the benefits and drawbacks of business planning. |  | 1 | Using the plan generated last lesson students to brainstorm the main benefits and drawbacks to a business of creating business plans. |
| Basic financial terms | To understand the difference between variable costs, fixed costs and total costs  To understand the concept of revenue, costs, profit and loss. |  | 1 | Students to list 10 costs a local restaurant would have to pay.  [Slideshow on the difference between fixed and variable costs](http://www.tutor2u.net/business/reference/introduction-to-business-costs-revision-presentation) (students do not need to learn about semi-variable costs)  Students to label each of their costs from the activity earlier, highlighting which are variable and which are fixed.  [BBC Bitesize video on costs of a business](https://www.bbc.co.uk/bitesize/guides/z7kpt39/revision/1)  [Tutor2u fixed and variable costs](https://www.tutor2u.net/business/reference/business-costs)  Teacher led notes on revenues and profit and the calculations required.  Reference – [BBC Bitesize webpage on revenue, cost and profit](https://www.bbc.co.uk/bitesize/guides/z7kpt39/revision/2) |
| Basic financial calculations | To calculate revenue, costs, profit and loss. |  | 1 | Students complete worksheets testing simple revenue, costs, and profit or loss calculations.  Use of the old specification unit 1 papers – for example question 1ci) May 2015. |

3.1.7 Expanding a business

| **Specification content** | **Learning objectives** | | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- | --- |
| Methods of expansion | To understand the methods used by businesses when expanding.  To discuss the advantages and disadvantages of each method of growth. | | Methods used by businesses when expanding include organic growth through franchising, opening new stores and expanding through e-commerce, outsourcing and external growth through mergers and takeovers. | 2 | Lesson 1 – first half  Focuses on internal growth through opening new stores and e-commerce.  Reference – [BBC Bitesize webpage - benefits of a growing business](http://www.bbc.co.uk/education/guides/zkr4wmn/revision)  Starter – show images of two businesses (eg a local café and a global business like Starbucks). Students to explain why the local café would want to expand. [Guardian article - the first Starbucks](https://www.theguardian.com/cities/2015/may/14/the-first-starbucks-coffee-shop-seattle-a-history-of-cities-in-50-buildings-day-36)  [What are the benefits for Subway opening new stores?](http://www.bloomberg.com/news/articles/2014-05-19/with-3-000-more-locations-subway-widens-its-lead-over-mcdonalds)  E-commerce – why have Amazon been so successful? [Short video on growth of Amazon](https://www.youtube.com/watch?v=cmG5lwjzS48)  Lesson 1 – second half  Focuses on franchising.  Show [video advertising Shakeaway franchise](http://www.shakeaway.com/index.php/franchise-opportunities)  Show images of businesses that are franchised (eg McDonalds, Krispy Kreme, Starbucks etc.). Include one business which is not a franchise – students to guess odd one out. Discussion about the importance to businesses of not being able to identify whether stores are franchised.  [Quiz: Are You Suited to Become a Franchisee?](https://www.entrepreneur.com/franchises/quiz-are-you-suited-to-become-a-franchisee-franchise/44202)  [Franchises word search](https://wordmint.com/public_puzzles/206694)  Students to create a spider diagram of the benefits and drawbacks of franchising from this [video](http://www.bbc.co.uk/education/clips/zpw3gk7)  Students create a table for the [main benefits and drawbacks of organic growth](http://www.tutor2u.net/business/blog/qa-explain-organic-or-internal-growth)  Complete question 1d) 9 marks Paper 2 June 2016.  Lesson 2  Focuses on outsourcing and external growth.  [Introduction to outsourcing](https://economictimes.indiatimes.com/defaultinterstitial.cms)  Complete question 1c) 6 marks Paper 2 June 2013.  Teacher led definitions on external growth, takeovers and mergers.  Students to research a recent takeover or merger in the UK – students to consider the likely benefits of the business concerned, the disadvantages they may face and the potential impacts it will have on the workers and customers.  Students to feedback their examples to the class.  For example [Kraft takeover of Cadbury](http://news.bbc.co.uk/1/hi/8467007.stm)  [Video on Kraft/Cadbury: one year on](https://www.youtube.com/watch?v=2suHFP20Pm4)  [Telegraph article on Cadbury losing its magic](http://www.telegraph.co.uk/food-and-drink/features/the-many-ways-cadbury-is-losing-its-magic/)  [Huffington Post article on investigation into Kraft takeover of Cadbury](http://www.huffingtonpost.co.uk/entry/cadbury-takeover-by-mondelez-international-investigated-six-years-on-by-dispatches_uk_56ed8f91e4b030d552ef63c1)  [Merger video](https://www.youtube.com/watch?v=IKgjG4mYQo8) between Dixons and Carphone Warehouse – what are the benefits of this merger?  Complete question 2d) 9 marks Paper 2 June 2014. |
| Benefits and drawbacks of expansion  Economies of scale | To understand the benefits of growth in terms of unit cost advantages due to economies of scale. | Economies of scale include purchasing and technical economies of scale. | | 1 | Starter – what benefits would Lego receive from increasing their production facilities? [Guardian article on reviving growth of Lego sales](https://www.theguardian.com/lifeandstyle/2017/jun/04/how-lego-clicked-the-super-brand-that-reinvented-itself)  Teacher led notes on the meaning of economies of scale.  [BMW automation video](https://www.youtube.com/watch?v=P7fi4hP_y80) – highlights benefits of technical economies of scale.  Complete question 3b) 5 marks Paper 2 June 2014. |
| Diseconomies of scale | To understand that, with growth, businesses increase the risk of diseconomies of scale.  To calculate and interpret average unit costs. | Diseconomies of scale occur due to poor communication, coordination issues and reduced staff motivation. | | 1 | Complete question 2b) 4 marks Paper 2 June 2014.  Teacher led introduction to formula for average unit costs.  Calculation questions testing student understanding. |

3.2 Influences on business

Teach before: 3.4 Human resources

Teach after: 3.1 Business in the real world

3.2.1 Technology

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Impact of the changing use of ICT | To understand the impact of the changing use of ICT and how it influences business activity. |  | 1 | Good resource to help students understand [how ICT has changed](https://www.wired.com/video/watch/workplace-office-future-tech-today-and-tomorrow-episode-3) and the influences on business activity.  How the use of ICT has changed – students to generate ideas of how ICT impacts them in the home. This could be presented in a spider diagram or students could be asked to draw their ideas.  Students brainstorm the main ways ICT impacts business activity, eg e-commerce, customer service, communications etc. |
| E-commerce | To understand how e-commerce provides access to wider markets. |  | 1 | Starter – show [Dragons’ Den video about an online business Value My Stuff](http://www.bbc.co.uk/dragonsden/entrepreneurs/patrickvandervorst.shtml)  Why would businesses like [Value My Stuff](https://www.valuemystuff.com/en/home?gclid=CLvyttiTs9ACFcLGGwodykMLpQ) use e-commerce?  What are the main benefits for small businesses using Ebay or Amazon marketplace to sell their products?  Students to create a table including the main benefits and drawbacks of e-commerce.  Students design the front webpage for a new start up business – they should research what should be included on the front page. The business could be selling the product idea generated from their earlier business plan. |
| Digital communication | To understand how digital communication changes the way businesses communicate with stakeholders. | Students are expected to know relevant examples of digital technology/ communication. | 1 | Starter – [stakeholder quiz](https://www.bbc.co.uk/bitesize/guides/zpdry4j/test) to recap understanding.  Students to create a table with stakeholder column and the main methods of communication used by businesses for each group. |

3.2.2 Ethical and environmental considerations

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Ethical considerations | To identify and analyse where there may be a possible trade-off between ethics and profit. | Ethical behaviour requires businesses to act in ways that stakeholders consider to be both fair and honest. | 2 | Starter – [Bitesize video on ethics](https://www.bbc.co.uk/bitesize/guides/z66rbdm/revision/1)  Recap understanding of ethical objectives vs profit objectives from earlier topic.  Teacher brings a range of clothes or food into class – students to identify where clothes/food are manufactured  Students to discuss why food miles are such a problem? Recap why businesses locate internationally.  [Billion Dollar Chicken Shop](https://www.youtube.com/watch?v=V98jKE7QQTg) Episodes 1-3 – excellent video resource on all ethical and businesses areas – section in episode two shows a new initiative by KFC on giving leftover food to local charities.  Corporate social responsibility in bottled water market – [BBC Bitesize video on corporate social responsibility (CSR) - selling water](https://www.bbc.co.uk/programmes/p010trfx)  Complete question 1c) 4 marks June 2016 on ethical business. |
| To understand the benefits and drawbacks of ethical behavior. | Students are expected to know relevant examples of ways in which a business can behave ethically. | 1 | [Blood, sweat and t-shirts videos](https://www.youtube.com/playlist?list=PL97D86281C5A6921A) – show a clip to students to open a discussion.  What can businesses do to ensure that they are ethical in their approach? [Fairtrade website](http://schools.fairtrade.org.uk/resources/)  [Co-op fairtrade webpage](https://www.coop.co.uk/our-suppliers/fairtrade)  Based on discussions and work from previous lessons, students create a table for the main benefits and drawbacks of ethical behaviour.  [Ethical article and videos - Primark](https://sustainabilitymag.com/sustainability/unpacking-the-primark-pledge-to-offer-more-sustainable-style)  Complete question 1c) 6 marks June 2013. |
| Environmental considerations | To understand how businesses and consumers accept greater environmental responsibility in their decision-making and the costs and benefits of businesses behaving this way. | Environmental considerations include impact on traffic congestion, recycling, disposing of waste and noise and air pollution. | 1 | Starter – show images [Oxford street](http://c8.alamy.com/comp/EB10T4/london-uk-22nd-november-2014-oxford-street-in-london-is-very-busy-EB10T4.jpg) and [China pollution](http://i.huffpost.com/gen/1621413/images/o-CHINA-POLLUTION-FACTORY-facebook.jpg) - what are the environmental impacts of these activities?  Show [video on pollution in China](https://www.youtube.com/watch?v=xliXcv0TjSs)  Teacher led notes on social costs – [BBC Bitesize webpage on social costs and the environment](https://www.bbc.co.uk/bitesize/guides/z66rbdm/revision/2)  [Anglo-American case study on environmental responsibility](http://businesscasestudies.co.uk/anglo-american/social-and-environmental-responsibility/introduction.html#axzz4QNZSxeoE) |
| Sustainability | To identify and analyse where there may be a possible trade-off between sustainability and profit. | Sustainability issues include global warming and the use of scarce resources. | 1 | [Tata Steel case study on sustainability](http://businesscasestudies.co.uk/tata-steel/#axzz4QNZSxeoE)  [Guardian article on sustainable supply chains](https://www.theguardian.com/sustainable-business/sustainable-supply-chains-ethics-profits)  [Video on how green is the high street?](https://www.youtube.com/watch?v=8ouKiOz2vWE)  Students research what is meant by sustainability and a business that has a focus/aim on sustainability.  McDonald’s video on [sustainability in their supply chain](https://www.youtube.com/watch?v=KO901ivGatQ)  Students to complete a 9-mark style question summarising the topic – recommend whether a business should behave in an ethical, environmental and sustainable manner. Give reasons for your advice. |

3.2.3 The economic climate on businesses

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Interest rates | To demonstrate and understand how businesses might be affected by changes in the rate of interest. | An understanding of how fluctuating interest rates can affect businesses that rely on overdrafts and loans for finance. | 1 | Reference – [Tutor2u webpage on interest rates](http://www.tutor2u.net/business/reference/external-environment-interest-rates)  Teacher introduction on interest rates – [BBC Bitesize webpage on interest rates](https://www.bbc.co.uk/bitesize/guides/zbtwd6f/revision/4)  Show [overdraft and loan figures](http://moneyfacts.co.uk/business/business-loans/)  Graph showing [changing interest rates](http://www.tradingeconomics.com/united-kingdom/interest-rate)  Show [Barclays loan calculator](http://www.barclays.co.uk/Businesslending/Businessloancalculator/P1242649179882) to illustrate impact of changing interest rates. How does this impact business spending? |
| To understand how fluctuating interest rates can affect consumer and business spending. | Economic theory relating to how/why interest rates change is not required. | 1 | Show [average property prices in your area](https://www.bbc.co.uk/news/business-23234033) or for a particular property – explain how mortgages work.  [Choose a mortgage](http://www.nationwide.co.uk/products/mortgages/our-mortgages/mortgage-rates#xtab:tab2)  Show [average incomes](http://www.monster.co.uk/career-advice/article/uk-average-salary-graphs) – calculate how much money would be left after the mortgage is paid – this is spending money (disposable income).  Explain and illustrate the impact of increasing interest rates and thus mortgage payments.  Students list other reasons for consumers requiring loans or credit – cars, sofas, credit cards, home improvements etc.  Good overview [video on how interest rates impact businesses and consumers](https://www.youtube.com/watch?v=_8TJpqhtkyk) |
| Level of employment | To identify how and why businesses might be affected by changes in levels of employment. |  | 1 | Definition of unemployment.  Show [unemployment graph](http://www.tradingeconomics.com/united-kingdom/unemployment-rate) – students to explain what the graph shows and what this means for individuals and businesses. |
| Consumer spending | To understand how demand for products and services may change as incomes fluctuate. |  | 1 | Show images of Heinz baked beans and an own brand tin of baked beans – students explain which they would choose and why.  [Why have Aldi been so successful over the last few years?](https://www.theguardian.com/global/2016/apr/02/aldi-cranks-up-pressure-big-four-supermarkets)  Show [video from Inside Rolls-Royce](http://www.channel4.com/programmes/inside-rolls-royce-and-boodles/on-demand/57892-001) – link to demand for luxury goods for high income earners.  Show [range of Ford cars](http://www.ford.co.uk/Cars) to illustrate the variety of products available depending on income earned. |

3.2.4 Globalisation

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| How UK businesses compete internationally | To understand what is meant by globalisation. |  | 1 | Starter – students guess what is sold in this shop/café – [Coca Cola does Chinese New Year](https://upload.wikimedia.org/wikipedia/commons/b/b0/Coca-Cola_does_Chinese_New_Year.jpg)  Teacher explanation of globalisation or video explanation – [what is globalisation?](https://www.youtube.com/watch?v=xPD477FuqtY) |
| To understand the methods UK businesses use to compete internationally. | Methods include better designs and higher quality products at lower prices. | 1 | Starter – [BBC article on winner of James Dyson award](http://www.bbc.co.uk/news/technology-38004215) – why is this product likely to be successful in a global market?  [Video on failure of Tesco in America](http://www.bbc.co.uk/news/business-22179738) – or [BBC article](http://www.bbc.co.uk/news/business-22181904) – what were the possible reasons why Tesco wasn’t successful abroad?  [What are the reasons for Jaguar Land Rover’s success?](https://www.theguardian.com/business/2015/may/26/jaguar-land-rover-britains-biggest-export-success-story)  Show an [image of a Sunseeker yacht](http://cdn.boatinternational.com/bi_prd/bi/library_images/fZIvzFOdRau5KSBCHUQQ_sunseeker-131-Yacht-render-640x360.jpg) – student discussion on the methods Sunseeker should adopt to compete successfully on an international stage – create a spider diagram. |
| To analyse the benefits and drawbacks of globalisation for UK businesses. |  | 1 | Students create a poster or leaflet summarising what is meant by globalisation, examples of businesses that complete globally, the benefits and drawbacks for UK businesses. |
| Exchange rates | To understand the impact of exchange rates on the profit and sales of those businesses that import and/or export. | Students will not be asked to calculate exchange rate conversions. | 1 | Starter – students to list any currencies that they know countries use (eg dollar, pound, euro) – [list of currencies of the world](https://www.countries-ofthe-world.com/world-currencies.html)  Teacher definition of exchange rates – link to when students have gone abroad on holiday and have changed money or used different currencies.  Show [graph of the Pound compared to the Euro](http://www.xe.com/currencycharts/?from=GBP&to=EUR&view=1Y) – ask students if anyone knows what caused the fall in June 2016 (Brexit).  [Simple video explaining imports and exports](https://www.youtube.com/watch?v=sLLzJria-P8)  Test understanding – [imports or exports?](https://study.com/academy/practice/quiz-worksheet-importing-exporting-in-a-global-market.html)  Teacher led explanation of SPICED – Strong Pound Imports Cheaper Exports Dearer.  Pair work – students to explain whether the current UK exchange rate is good for importers and exporters and the impact on their sales, costs and thus profits. |

3.2.5 Legislation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| Employment law | To assess the impact of employment legislation on businesses.  To understand the consequences of failing to follow legislation for the business. | Impacts of legislation on the business include costs, training needs, recruitment requirements.  Employment law including:   * national minimum wage/living wage * the Equality Act (2010). | 1 | Reference and final test – [BBC Bitesize on Principles of Employment Law](https://www.bbc.co.uk/bitesize/guides/zv6cgwx/revision/2)  Reference – [Tutor2u webpage on business and legislation](http://www.tutor2u.net/business/reference/external-environment-business-legislation)  Research task – students to find out the minimum wage for each age group and the living wage.  [Gov.uk webpage on national minimum and living wage rates](https://www.gov.uk/national-minimum-wage-rates)  [BBC article on cost of National Living Wage to businesses](http://www.bbc.co.uk/news/business-35095711)  [Video on the Equality Act](https://www.youtube.com/watch?v=I4MWVEAww2g)  Teacher led explanation on the failure to follow legislation – [BBC article on dyslexia discrimination case](http://www.bbc.co.uk/news/uk-35521061) or [BBC article on cancer patients discrimination](http://www.bbc.co.uk/news/health-37861712) |
| Health and Safety law  Consumer law | To assess the impact of health and safety and consumer legislation on businesses.  To understand the benefits of providing a safe working environment. | Impacts of legislation on the business include costs, training needs, recruitment requirements.  Health and safety law including: the Health and Safety at Work Act (1974).  Consumer law including trade descriptions. | 1 | Starter – show [health and safety video](https://www.youtube.com/watch?v=zss9jRW4oWw) – why do businesses worry about health and safety at work?  Handout on the main consumer laws businesses have to abide by.  Show [consumer rights video](https://www.theguardian.com/money/video/2013/sep/02/guide-to-consumer-rights-video)  Students create simple role plays to illustrate consumer laws being broken – the rest of the class has to guess which law has been broken.  Students to create a spider diagram of the main impacts of health and safety and consumer laws on businesses.  Complete question 3b) 5 marks Paper 1 June 2015. |

3.2.6 Competitive environment

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Impact on businesses of operating in competitive markets. | To understand the meaning of a market and competition.  To analyse potential impacts of competition on businesses and identify situations when businesses face minimal or no competition. |  | 1 | Starter – show images of different market places (any place where buyers and sellers meet), such as a market stall, an internet business, a high street etc. – students to guess what the link is between the images.  [BBC Bitesize webpage on market research](http://www.bbc.co.uk/education/guides/zd4kq6f/revision)  Pair work – Students list as many clothes shops (or another market) as they can think of – link this to the level of competition in the market.  Importance of competition shown by [Coca Cola vs Pepsi video](https://www.investopedia.com/articles/markets/081415/comparing-cocacola-and-pepsis-business-models.asp)  Student task to come up with a strategy to increase the sales of potatoes – consider actions like differentiating the product through making them into something, improving design, increased advertising, packaging etc.  Based on student ideas create a spider diagram of actions businesses could take when faced with competition.  Teacher led explanation on a monopoly situation – show the beginning of [this video](https://www.youtube.com/watch?v=nyt7uZ63vMU)  Students to generate ideas of markets that are monopolies or have minimal competition? [Telegraph article on BT's increase in profitability of telecoms monopoly](http://www.telegraph.co.uk/business/2016/11/02/telecoms-rivals-poised-to-attack-bt-for-profit-rise-at-monopoly/) |
| Uncertainty and risks businesses face | To understand the risks businesses face and the reasons why all businesses face uncertainty.  To understand the reason why entrepreneurs embark on running businesses and the activities businesses can undertake to minimise risks. |  | 1 | Starter – show [video of TV show Golden Balls](https://www.youtube.com/watch?v=folLrvMyIPU) – illustrates that no one can predict what actions others will take.  Show [Dragons’ Den – iTeddy](http://www.bbc.co.uk/dragonsden/entrepreneurs/imranhakim.shtml) – students to list the main risks that the business face.  Students to identify risks in terms of functional areas, eg finance – interest rates increase and so business loans become more expensive.  Pair work – for each risk identified students to generate ideas of how to deal with the issue faced.  Show video of [Business Nightmares (Apple)](http://www.bbc.co.uk/programmes/p010v3xc)  Recap objectives of entrepreneurs and highlight success stories to help illustrate reasons entrepreneurs embark on running businesses – clips from documentary about Facebook at [YouTube](https://www.youtube.com/watch?v=5WiDIhIkPoM) |

3.4 Human resources

Teach before: 3.3 Business operations

Teach after: 3.2 Influences on business

3.4.1 Organisational structures

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Organisational structures | To understand internal organisational structures, span of control, chain of command, delayering and delegation.  To understand why businesses have internal organisational structures. | Reasons for having internal organisational structures include an understanding of different job roles and responsibilities throughout the business. | 2 | Teacher led explanation of an organisational structure  Reference – [BBC Bitesize webpage on structuring a business](https://www.bbc.co.uk/bitesize/guides/z4fw8xs/revision/1)  Students draw an organisational chart for the school – outline what responsibilities members of staff have.  Provide a list of jobs roles for students – students to create a simple organisational structure – [Tutor2u notes](https://www.tutor2u.net/business/reference/organisation-charts)  Using their organisational chart, students should explain and label what is meant by span of control, chain of command, delayering and delegation.  Tesco employ 354,744 employees – why would Tesco need to have a clear organisational structure?  Students create a spider diagram of the main benefits of having an organisational structure.  Complete question 1b) 4 marks Paper 2 June 2016. |
| Appropriateness of organisational structures | To understand the impact that having a tall or flat organisational structure has on how a business is managed.  To understand how an organisational structure may affect the different ways of communication. |  | 1 | Show Undercover boss - DHL – show clip in the plane loading area (around 22 mins into the [programme](https://www.youtube.com/watch?v=bDbbOCjG7oE)) or with the delivery van (around 10.30 mins into the [programme](https://www.youtube.com/watch?v=w6QAoKvBdQk)). Both clips illustrate situations whereby the business has expanded and the manager isn’t aware of what happens with workers loading planes/doing deliveries. Link the clips to issues of having the incorrect organisational structure.  Students to generate two strategies to resolve the problems identified in the video clips.  Split students into pairs. One student draws a tall organisational structure and explains the benefits, the other student does the same for a flat organisational structure.  Reference – [BBC Bitesize webpage on types of organisation](http://www.bbc.co.uk/education/guides/zpxtfg8/revision/3).  Students to play Chinese whispers to illustrate the issues faced by the organisation from having a tall organisational structure.  Teacher led explanation on how organisational structures impact communication. Students generate ideas for the best methods of communication for the different organisational structures. |
| Centralisation and decentralisation | To understand what is meant by centralisation and decentralisation.  To understand the benefits and drawbacks of centralisation and decentralisation for business performance. |  | 1 | Starter – [why did B&Q struggle to succeed in China?](https://www.theguardian.com/business/2014/dec/22/kingfisher-china-diy-bq) – link to differences in cultures etc.  Use the case study of a growing business like [Gail's](https://www.worldcoffeeportal.com/Latest/News/2022/December/Gail-s-robust-trading-steers-UK-outlet-expansion-d) – what difficulties will the managers of Sprinkles face as they open more stores across the UK?  Students to create a table including the definitions, benefits and drawbacks of centralisation and decentralisation.  Reference – [Tutor2u webpage on centralisation](http://www.tutor2u.net/business/reference/people-management-centralisation)  Complete question 2c) 4 marks Paper 2 June 2013 or question 3c) 6 marks Paper 2 June 2015. |

3.4.2 Recruitment and selection of employees

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| The need for recruitment |  |  | 1 | Starter – show a clip or [an advert](https://www.youtube.com/watch?v=-g_2XYFfP0E) for The Apprentice – why does Alan Sugar want to recruit the best workers?  Teacher led notes on the reasons businesses need to recruit staff, for example fill a vacancy, expansion etc.  Students create a mind map of methods businesses use to recruit their employees – job centres, recruitment agencies, word of mouth, job adverts, direct and promotions.  Teacher explanation of the difference between internal and external recruitment – students mark next to their previous list of which methods are internal recruitment and which are external.  Show [Reed advert](https://www.youtube.com/watch?v=cf5WmcIRAM0) – why would a business use a recruitment agency? Link to a benefit of external recruitment.  Group work – split the class into groups focusing on the benefits of either internal or external recruitment. Each group to create a list of 2-3 benefits. Each group shares one benefit with another group.  Complete question 1d) 9 marks Paper 2 June 2014. |
| Methods of recruitment and selection of employees. | To outline the main stages in the recruitment and selection process.  To analyse the benefits of having an effective recruitment and selection process for a business. | Main stages in the recruitment and selection process include an understanding of job analysis, job description, person specification, and selection methods.  Benefits include high productivity, high quality output or customer service and staff retention. | 2 | Lesson one on recruitment  Show [introduction to recruitment](https://www.bbc.co.uk/bitesize/guides/zvfw8xs/video)  Teacher led explanation on job analysis.  Teacher led definition of a job description – show [examples of job descriptions](http://www.reed.co.uk/)  Students create a job description for a role of their choice (eg football player, doctor, dentist etc.)  Teacher led definition of a person specification.  Students create a person specification for their chosen job.  Students brainstorm places jobs would be advertised.  Students to create a job advert for their chosen job.  Lesson two on the selection process  Sections of [The Billion Dollar Chicken Shop video](https://www.youtube.com/watch?v=V98jKE7QQTg) are good on the selection process used.  Students brainstorm methods businesses use to select individuals.  Teacher explanation on shortlisting suitable candidates.  Students are given 2 CVs – students decide on which candidate they would choose and why.  Interviews – students come up with three interesting interview questions they would ask to shortlisted candidates – in pairs students interview each other. As part of this process students should be considering what the business would be looking for in this process.  [Sample interview questions](http://www.monster.co.uk/career-advice/article/what-are-the-most-common-job-interview-questions)  Show a [video from The Job Interview](https://www.youtube.com/watch?v=xvJ41PrpfmA) – students to explain which individuals they would select and why.  Personality tests – teacher explanation of why businesses use psychometric tests. Students complete a [simple test](http://www.davidpbrown.co.uk/psychology/human-relations-test.html)  Students brainstorm the benefits of having an effective recruitment and selection process. For each benefit students to write an extra sentence analysing why that benefit is good for the business, eg staff retention results in lower recruitment and training costs in the future.  [BBC Bitesize recap quiz on recruitment](https://www.bbc.co.uk/bitesize/guides/z3s9fcw/test)  [Recruitment and selection – Asda](https://www.asda.jobs/process/)  Complete question 3b) 4 marks Paper 2 June 2015. |
| Contracts of employment | To understand the difference between part time and full time contracts, job share and zero hour contracts.  To understand the benefits of full and part time employment. |  | 1 | Teacher led explanation on the difference between part time and full time contracts, job share and zero hour contracts.  Students list the main types of businesses that will employ part time staff.  [What are the potential issues of zero hours contracts?](http://www.itv.com/news/2016-09-06/sports-direct-to-scrap-zero-hours-contracts-for-casual-retail-staff/)  Research task – students to interview an owner of a business (local restaurant, shop etc.) and find out whether they employ part time staff. If they do, find out information on why they employ part time staff, ie the benefits for the business. If they don’t, find out information on why they employ only full time staff, ie the benefits for the business.  Group work: using their research and interview information students create a table for the benefits of full time and part time employment.  Complete question 2d) 9 marks Paper 1 June 2015. |

3.4.3 Motivating employees

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Importance of motivation in the workforce | To understand the benefits of a motivated workforce. | Benefits of a motivated workforce include staff retention and high productivity. | 1 | Starter – students list three things that motivate them.  Teacher explanation on motivation.  Reference – [Tutor2u webpage on introduction to motivation](http://www.tutor2u.net/business/reference/people-management-introduction-to-motivation)  Students identify from the [BBC Bitesize video](https://www.bbc.co.uk/bitesize/guides/zjdspg8/revision/2) why motivation is important.  Students list the main benefits of a motivated workforce. |
| Methods to motivate staff | To understand the use of financial methods of motivation (including an understanding of the main methods of payment including salary, wage, commission and profit sharing). | Financial methods include an understanding of the main methods of payment including salary, wage, commission and profit sharing.  Specific motivational theories (such as Maslow) will not be examined. | 2 | Starter – in pairs students imagine they are the owner of Amazon. Students list the methods they would use to motivate their workers.  Students to list the main types of pay – to help students show a range of pictures of different types of businesses which are likely to use different payment methods, eg an office, an estate agents, a factory, a restaurant etc.  Teacher led explanation on the difference between wages and salaries.  Using the video explain briefly the idea behind [F.W.Taylor’s theory](https://www.youtube.com/watch?v=ssazkZnMkpc). Use the video to explain the importance of pay dependent on output. Link this to commission and how workers are increasingly paid depending on the number of sales rather than output. No specific understanding of Taylor will be expected or examined.  Pair work – why do businesses increasingly use profit sharing? To help understanding show [video](https://www.youtube.com/watch?v=Ym_YXm_WNJY) and webpage about [profit sharing at John Lewis](https://www.johnlewispartnership.co.uk/work/employee-ownership.html)  Students go back to their original list made at the start of the lesson and highlight which methods of motivation they wrote down are financial methods of motivation.  Complete question 2c) 6 marks Paper 1 June 2014. |
| To understand the use of non-financial methods of motivation. | Non-financial methods of motivation include styles of management, importance of training, greater responsibility and fringe benefits.  Specific motivational theories (such as Maslow) will not be examined. | 2 | Starter – recap understanding – [Motivation by pay](https://www.youtube.com/watch?v=MP4J0gvomN8)  [How does this business motivate their staff?](http://www.bbc.co.uk/news/uk-22765461) Students discuss whether they think this is a successful method of motivation.  Show pictures of five leaders (some business and some non-business contexts). In pairs students list the main characteristics they think these leaders possess.  Split students into groups with a clear task to complete. Each group has a leader to help ensure the task is completed effectively. Some leaders are told to be autocratic and some democratic. At the end of the task students feedback their thoughts on working under the different management style.  Show [images of Google offices](https://officesnapshots.com/articles/what-makes-googles-offices-so-googly/) – students discuss why Google believe the office environment is important for their staff.  Teacher led explanation on fringe benefits. Students to list as many fringe benefits as they can.  Pair work – split class in two – students create an argument for either financial or non-financial methods of motivation being the most effective. Students have a debate in groups or as a class.  Complete question 3d) 9 marks Paper 2 June 2015.  Other questions – 3b) 6 marks Paper 1 June 2013 non-monetary motivation or 3c) 6 marks Paper 2 June 2014 staff appraisals. |

3.4.4 Training

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Importance of training the workforce | To explain the benefits of training employees for a business. | Benefits include increased productivity, ability to deal with changes in technology, increased motivation, staff retention, production of high quality goods and good customer service. | 1 | [Two Teachers video](https://www.youtube.com/watch?v=CBaz4gB1aYw) on training and development with Sainsbury’s case study  [BBC Bitesize notes, video and test](https://www.bbc.co.uk/bitesize/guides/zh6cgwx/revision/1) on the important of training the workforce  Students list the main benefits that businesses gain from training workers. Show [rugby](https://www.youtube.com/watch?v=ubBXDFtynC0) or [american football](https://www.youtube.com/watch?v=NY-Ls_7zXzM) video clips to show the skills gained through training. |
| Types of training undertaken by businesses | To understand the methods of training undertaken by businesses.  To explain the benefits of induction training.  To analyse the benefits and drawbacks of on the job and off the job training and evaluate which would be the most appropriate method for a variety of businesses. | Methods of training include induction training, on the job training and off the job training. | 1 | Starter – recap understanding – [BBC Bitesize video on training](https://www.bbc.co.uk/bitesize/guides/zhgj8xs/video)  Teacher explanation of induction training. Reference – [Tutor2u webpage on methods of training staff](http://www.tutor2u.net/business/reference/training-staff-methods).  Students choose a business from a list of businesses provided, eg local cinema, A&E doctor at the local hospital, teacher. They are required to produce an induction training programme for new employees.  Teacher led explanation of on the job and off the job training.  In groups students will be required to produce [origami snakes](http://www.origami-instructions.com/origami-snake.html) Each group will have a leader who trains the rest of the group. One set of groups will be trained through off the job and one through on the on the job. One student in each group will be given an ‘example’ snake and will need to check products reach that standard. Every three minutes you will receive an order for 15 units, and can sell each snake for £3 if they pass the quality control test.  After the task is complete students should identify and discuss the main benefits and drawbacks of each method of training.  Students complete a table including headings for type of training, definition, benefits, drawbacks and examples of when each method is used.  Complete question 2b) 4 marks Paper 2 June 2016. |

3.3 Business operations

Teach before: 3.5 Marketing

Teach after: 3.4 Human resources

3.3.1 Production processes

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Methods of production – job  Methods of production – flow | To understand what is meant by job production.  To understand what is meant by flow production. |  | 2 | Lesson one  Practical activity to illustrate job and flow production – students produce bags of Smarties that have eight Smarties in each bag. The colour of Smarties they put in each bag will depend on your customer orders.  Groups are given two minutes. Each group must take an order from three other pairs in the room. Each pair in the group gets one order each. Students need to find out what colour Smarties they would like in their bag and write down the orders on their record sheet and then produce the bags of Smarties as ordered.  Flow production – in a group of four, students produce as many bags as possible in two minutes. Groups should organise their production process so each individual is in charge of each colour of Smartie and one student is in charge of bagging the Smarties.  Teacher led explanation of job and flow production. Students discuss which they thought was a more effective production technique in each situation.  Lesson two  Starter – show video clips on flow production – [ice cream cones](https://www.youtube.com/watch?v=xk23I-XMatM) or [mince pies](https://www.youtube.com/watch?v=wfWgDQ9o1IY) – students consider why businesses use flow production.  Show a range of pictures of different products – students identify which are produced through flow production and which are job production.  Show a video clip from [Cake Boss](https://www.youtube.com/watch?v=JJSAcLpXdm0) – students consider why businesses use job production. |
| To understand when each method of production is appropriate. |  | 1 | Starter – [BBC Bitesize video on production methods](https://www.bbc.co.uk/bitesize/guides/z4gm7nb/revision/1)  Excellent video resource highlighting the use of flow production in the chocolate industry – [how Easter eggs are made](http://www.bbc.co.uk/programmes/p02qpdrf) or [how chocolate is made](https://www.youtube.com/watch?v=xPe1jMuX32s).  Students produce a table with headings for type of production, definition, benefits, drawbacks and types of products made. |
| Efficiency in production – lean production | To understand how production might be made more efficient by the use of lean production techniques. |  | 1 | Starter – fill in the gaps activity on methods of production.  Show two pictures of products that are in a highly competitive market – for example Primark and Next. Explain that the prices they can charge are dependent on each other and so can’t be changed. Ask students what Primark can do to increase the profit generated. Expected answers include marketing activities and reducing costs/waste in production. Explain that we are focusing on reducing waste and thus cost in production process.  Show [introduction video to lean production](https://www.youtube.com/watch?v=J4v-HjY3R0Y)  Reference – [Tutor2u webpage on lean production](http://www.tutor2u.net/business/reference/production-lean-production-gcse)  Create a spider diagram for the main methods of lean production.  Teacher led explanation of kaizen.  Show [video on kaizen at Toyota](https://www.youtube.com/watch?v=Ohu9WH3a5FM)  [Kaizen at Toyota](https://www.youtube.com/watch?v=wot9DFzFRLU)  Teacher led explanation of cell production. Use a simple key terms exercise to show the benefits of working as a team. One group of four students sit in a row and move a piece of paper along the row with each student writing a key term (without discussing it with their group) and then passing it on to the next individual. The second group sit together and create a list of key words together. Each group has 5–10 minutes to create a list of as many key terms as possible.  Teacher led discussion on the benefits and drawbacks highlighted in the task.  After the discussion students create a table with the main benefits and drawbacks of cell production.  As a revision task the lists of key terms can be swapped with other groups and students should define the key terms.  Lean production case study – [Aldi](https://www.linkedin.com/pulse/lean-enterprise-how-aldi-using-become-force-grocery-industry-soni) |
| Efficiency in production – just in time (JIT) | To understand how production might be made more efficient by the use of just in time (JIT) techniques. |  | 1 | Show [BBC Bitesize video on introducing JIT](https://www.bbc.co.uk/bitesize/guides/z4gm7nb/revision/3)  Read [case study on car manufacturers](https://www.ft.com/content/a6cf50c5-b6bf-4c7c-8752-8d21025ea52f) – students to answer questions to help build an understanding of JIT. |

3.3.2 The role of procurement

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Managing stock – just in time (JIT) | To evaluate the use of managing stock using JIT to a given business. | Students should recognise that the benefits of reduced costs must be balanced against the cost of more frequent deliveries and lost purchasing economies of scale.  Students will not be asked to draw or interpret stock control charts. | 1 | In pairs students test each other to ensure they have an understanding of lean production and JIT.  Missing word activity revising economies of scale.  A simple numerical example can be used to illustrate the additional costs of regular deliveries and the lack of economies of scale. This can be done by having a total output of 500 units per week. Include separate costs for holding stock for a week, cost of ordering 100 units at a time and cost of ordering 500 units. Students calculate which option would be cheaper. Build in scenarios including a delayed delivery, a surge in demand etc. to encourage students to understand the potential challenges faced.  Show [Christmas last delivery times](http://www.royalmail.com/greetings) – what problem does this illustrate?  Students to brainstorm benefits and drawbacks of just in time and create a table.  Reference – [BBC Bitesize webpage on stock control](http://www.bbc.co.uk/education/guides/zcbr87h/revision/1)  Show [video on JIT with car seat covers](https://www.youtube.com/watch?v=JTJLhWGVQQs)  Complete question 2b) 6 marks Paper 2 June 2015. |
| Managing stock – just in case (JIC) | To evaluate the use of managing stock using JIC to a given business. | Students should recognise the benefits of having spare stock to satisfy demand balanced against the cost of holding buffer stock.  Students will not be asked to draw or interpret stock control charts. | 1 | Reference – [BBC Bitesize webpage on JIC](http://www.bbc.co.uk/education/guides/zcbr87h/revision/2)  [BBC Bitesize recap quiz on stock control](http://www.bbc.co.uk/education/guides/zcbr87h/test)  What does the [video](https://www.youtube.com/watch?v=Y-lBvI6u_hw) suggest is the stock control system used by Amazon?  In pairs students test each other to revise the benefits and drawbacks of just in case.  Teacher led explanation on the difference between just in time and just in case production.  Split students in pairs – each pair to produce a paragraph arguing for the use of just in time or just in case for their chosen business. |
| Factors affecting choice of suppliers | To understand the factors affecting the choice of suppliers.  To analyse the factors that affect the choice of supplier for a given business. | Factors affecting choice of suppliers include price, quality and reliability. | 1 | Students brainstorm the main factors that would affect which supplier businesses choose.  Show images of a variety of businesses, for example Poundland, Gucci, a pharmacy, Rolls-Royce, Primark – what are the main factors that would influence the choice of suppliers in each case?  Use the 9-mark question format to create a question analysing and evaluating the main factor influencing the choice of supplier for a chosen business. |
| The effects of procurement and logistics on a business | To understand what procurement and logistics are and their effect on a business. | The effects of procurement and logistics on a business include efficiency and lower unit costs | 1 | Teacher led explanation of procurement and logistics. Good reference on [difference between procurement and logistics](https://supplychainbeyond.com/logistics-vs-procurement-supply-chain/)  Students list the main procurement and logistics decisions they would need to make if they were running a small café – buying food, ensuring delivery of food, replacing broken plates etc.  For each decision they should identify what actions the café could undertake to lower their unit costs. |
| To understand that the benefits of reduced costs must be balanced against the quality of service. |  | 1 | Starter – students list 5 key terms from the production unit. Key terms are swapped with a partner who defines them.  Recap understanding of procurement and logistics from last lesson.  Students swap the list of strategies they generated last lesson with their partner. The partner should consider the drawbacks/problems that might be encountered with each strategy. Drawbacks/potential issues should be written in a different coloured pen. |
| The value of effective supply chain management | To understand what a supply chain is.  To explain the benefits of managing an effective supply chain. | The value of effective supply chain management includes working with suppliers to ensure that key processes are running efficiently and cost effectively, getting goods and services for the best price and value and cutting any waste and unnecessary costs to create a streamlined process and fast production times. | 1 | Starter – show [video about the Coca Cola’s supply chain](https://www.youtube.com/watch?v=UBSOiHUctrY)  Teacher led explanation of a supply chain.  Discuss Fairtrade products and the supply chain for cocoa beans, bananas etc. Show [video on fair trade for suppliers of footballs](https://www.youtube.com/watch?v=wTrFOLLvlGs)  Using knowledge gained in the production unit students brainstorm the main benefits of managing an effective supply chain.  [Supply and procurement – Opito](https://www.scribd.com/document/364694642/opito-purchasing)  Analyse two benefits that McDonald’s gain from effectively managing their supply chain (6 marks). |

3.3.3 The concept of quality

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Consequences of quality issues | To understand that customers have expectations of quality in terms of the production of goods and the provision of services.  To understand how businesses identify quality problems and businesses measure quality. |  | 1 | Starter – students explain what they mean by the term quality.  Reference – [BBC Bitesize video on quality](http://www.bbc.co.uk/education/guides/zr3gkqt/revision)  Show [Duracell advert](https://www.youtube.com/watch?v=KvfbzwNzaWs) – link to quality.  Student discussion on why quality is important for businesses.  Read [example about Samsung Galaxy Note 7](https://www.wired.co.uk/article/galaxy-note-7-issues-what-happened) – what could that mean for the business?  Show two video clips from [Inside Rolls-Royce](http://www.channel4.com/programmes/inside-rolls-royce-and-boodles/on-demand/57892-001) – the first section explains the level of quality expected in their concept car when Rolls-Royce outsources part of the production to a diamond jeweller. The second section explains about new cars being delivered to Abu Dhabi and the extent of the quality expectations and level of finish required. Section 4–25 minutes.  Teacher led explanation on quality control.  Students list the main methods used to identify quality problems. Reference – [Tutor2u webpage on measurement](http://www.tutor2u.net/business/reference/quality-measurement)  Complete question 1c) 4 marks Paper 2 June 2014. |
| To understand the consequences of quality issues. |  | 1 | Students create a list for the main causes of quality problems, eg poorly motivated workers, no quality monitoring etc.  Read [example about Toyota](http://news.sky.com/story/toyota-in-global-recall-of-6-million-vehicles-10410396) – what could this mean for the business?  Students produce a spider diagram for the main consequences of quality issues.  Show video clip from [Dragons' Den](http://www.bbc.co.uk/dragonsden/entrepreneurs/jamesseddon.shtml) – egg cooker gone wrong. |
| Methods of maintaining consistent quality: Total quality management (TQM) | To understand the methods businesses use to maintain consistent quality.  To identify the advantages to a business of using TQM. |  | 2 | [Video highlighting quality control in pizza production](https://www.youtube.com/watch?v=Q2OWpAJxMos)  Research task on what is meant by TQM, quality control (recap from previous lesson) and quality assurance.  Students are given a scenario/case study of a business who is suffering quality issues. They then create a PowerPoint explaining the various methods they believe the business should undertake to maintain consistent quality. These methods should be linked to examples that they have researched about methods other businesses have undertaken.  From these presentations students brainstorm the main benefits of a business undertaking TQM. |
| Costs and benefits of maintaining quality | To understand the costs and benefits of maintaining quality.  To understand the possible quality issues as businesses grow. | Costs and benefits include additional sales, image/ reputation, higher price, inspection costs, staff training, product recalls and the provision of services.  Be aware of issues particularly if outsourcing and franchising is used. | 1 | Starter – show [BBC Bitesize video on quality](https://www.bbc.co.uk/bitesize/guides/zmqvf4j/revision/1)  Students split into groups. Some groups focus on the benefits of maintaining quality, others focus on the costs of maintaining quality. Each group creates a list of the main benefits/costs of maintaining quality. A representative from each group explains one point that is on their list to the rest of the class.  4 mark question – explain two benefits of maintaining quality for a business like Apple.  Recap understanding of diseconomies of scale.  Discuss issues of outsourcing call centres and production to other countries – [BBC article on call centres](http://news.bbc.co.uk/1/hi/magazine/6353491.stm)  Students research an example of a business that has suffered quality issues as they have grown.  Use [BBC Bitesize quiz](https://www.bbc.co.uk/bitesize/guides/zmqvf4j/test) to assess understanding. |

3.3.4 Good customer services

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Methods of good service | To analyse the techniques businesses use to provide good customer service.  To understand the sales process. | Methods of good service include product knowledge, customer engagement (creating a positive experience for the customer), and post sales services (eg user training, help lines, servicing). | 2 | Starter – show clip from [Undercover Boss - DHL](https://www.youtube.com/watch?v=Jn5nRG9Ud8w)  The best clip illustrating customer service is between 5–10.30 mins. Students consider the issues identified in the quality of customer service and generate ideas on how the process could be improved.  [Customer service role plays](http://www.gaebler.com/Customer-Service-Role-Play-Examples.htm) – students complete a role play about what would happen in each scenario and then discuss how the business could deal with the situation effectively.  Show clips from [The Apprentice – Series 12 Episode 8](https://www.youtube.com/watch?v=12a-H4IanLU) – lots of examples of poor customer service (eg incorrect orders, promising a service not provided etc.). Students discuss the examples of poor customer service and explain how these areas could be improved.  Reference – [BBC Bitesize webpage on customer servic](http://www.bbc.co.uk/education/guides/zr3gkqt/revision/3)e  Teacher led explanation of the sales process.  Students research 1-2 businesses that offer after sales service. Students research how they compare in terms of level of service and what they offer. Students to explain why they offer these services. [Dyson example](https://www.dyson.co.uk/support/customerservice.aspx) |
| Benefits of good customer service  Dangers of poor customer service | To understand the importance of providing good service to customers.  To understand the dangers of poor customer service. | Benefits of good customer service include increase in customer satisfaction, customer loyalty, increased spend and profitability.  Dangers of poor customer service include dissatisfied customers, poor reputation via word of mouth and a reduction in revenue. | 1 | [Crossword on production and customer service](https://printablecreative.com/crossword/puzzle/customer-service)  Linking to the research task in the last lesson recap why businesses offer after sales service.  Why do businesses worry about offering good customer service – [Telegraph article on the best customer service](http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/12109854/The-companies-with-the-best-customer-service-in-the-UK.html) – link to Amazon. Why is Amazon currently the number one business for customer service? What do they offer? How has it benefitted them? Consider the value and services offered by Amazon prime.  Complete question 3b) 4 marks Paper 1 June 2016.  Show examples of poor reviews from trip advisor ([example](https://www.tripadvisor.co.uk/Hotel_Review-g190747-d249292-Reviews-Regent_Lodge_Hotel-Luton_Bedfordshire_England.html))  Students research examples of businesses that have are seen as having poor customer service – [Telegraph article on the best and worst customer service](http://www.telegraph.co.uk/finance/personalfinance/11103540/The-100-best-and-worst-companies-for-customer-service.html)  Students list the main consequences for these businesses of poor customer service. Complete question 2c) 5 marks Paper 1 June 2013. |
| The ways in which advances in ICT have allowed customer services to develop | To understand the reasons why advances in ICT have allowed customer services to develop. | Reasons include advances in websites, e-commerce, and social media. | 1 | Starter – [recap quiz on production terms](https://www.bbc.co.uk/bitesize/guides/z4gm7nb/test)  Students discuss their use of social media – how does this impact customer service? [Good resource](https://www.zendesk.com/resources/customer-service-through-social-media/) to base discussions. |

3.5 Marketing

Teach before: 3.6 Finance

Teach after: 3.3 Business operations

3.5.1 Identifying and understanding customers

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| The importance of identifying and satisfying customer needs | To understand the importance of identifying and satisfying customer needs. | Reasons for identifying and satisfying customer needs include to provide a product or service that customers will buy, to increase sales, to select the correct marketing mix, to avoid costly mistakes and to be competitive. | 1 | Starter – show video clip about Cadbury from [Evan Davis Business Nightmares](https://www.youtube.com/watch?v=YsXMuVq1MZI) – students to identify why Cadbury suffered due to their decision over raising money for sports equipment – didn’t understand their market and customer needs.  Why did Nokia make the [N-Gage phone](https://www.stuff.tv/features/nokia-n-gage-at-20-the-mobile-gaming-revolution-that-wasnt/)? Was this a good decision?  Compare the Nokia situation with the launch of the Apple iPhone in 2007. Why was Apple more successful?  Students to brainstorm reasons for identifying and satisfying customer needs. |

3.5.2 Segmentation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| Types of segmentation | To understand the methods and criteria businesses use to segment the market. | Segmentation to target customers, include gender, age, location and income. | 1 | Starter – in pairs students write down five magazines that are available. For each, students write down the market segment that it is aimed towards.  Reference – [Tutor2u webpage on market segmentation](http://www.tutor2u.net/business/reference/marketing-introduction-to-market-segmentation)  Teacher led discussion on criteria that could be used to segment the class, eg location, age, parent’s occupation etc.  Students create a list of the main criteria businesses can use to segment a market.  [BBC Bitesize video on online businesses](https://www.bbc.co.uk/bitesize/guides/z7jfnrd/revision/1) |
| To understand why businesses use segmentation to target customers. |  | 1 | Starter – show a variety of products – students decide which customers they are targeted towards – for example nappies, SAGA holidays, Nintendo DS, Ford Ka, local pizza delivery restaurant, Good Housekeeping magazine, Mercedes car etc. Students should consider the age, gender, location and income.  Students to think of a product that could be targeted to all customers rather than a specific market.  Show video clip of [segmentation in McDonald’s](https://www.youtube.com/watch?v=-z-RWTvckkI) – why do McDonald’s use segmentation to target customers? |

3.5.3 The purpose and methods of market research

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Purpose of market research | To understand why businesses conduct market research.  To understand the types of information collected in market research. | Reasons for conducting market research include to identify market opportunities and to get a better insight into their customers and competitors.  Market research collects information about demand, competition and the target market. | 1 | Starter – [BBC Bitesize video on market research](https://www.bbc.co.uk/bitesize/guides/zjx92sg/video)  Teacher led explanation and definition of market research.  Students imagine they are the leader of Nintendo – what five pieces of information would you want to find out to help your decision making. Students should explain why they have chosen this information.  References – [BBC Bitesize webpage on market research](https://www.bbc.co.uk/bitesize/guides/zjx92sg/revision/1)  [Tutor2u webpage on market research](http://www.tutor2u.net/business/reference/marketing-introduction-to-market-research)  Students discuss the benefits gained by businesses through conducting market research – discussion based on knowledge gained in previous lessons. |
| Methods of market research | To understand the meaning of primary market research and the methods used to collect primary data. | Methods include questionnaires, surveys, interviews and focus groups. | 1 | Teacher led definition of primary research.  Students brainstorm the methods businesses could use to collect primary data.  Begin a marketing task in creating a new non-alcoholic drink or chocolate bar. Students create a questionnaire to help make product decisions, eg research what ingredients customers would want in their chocolate bar.  Students should then circulate around the classroom collecting information for their questionnaires. |
|  | To understand the meaning of secondary market research and the methods used to collect secondary data.  To understand the difference between qualitative and quantitative market research. | Methods include internet research and the printed press, eg newspapers. | 1 | Teacher led definition of secondary research.  Students brainstorm the methods businesses could use to collect secondary data.  Students continue marketing task in creating a new non-alcoholic drink or chocolate bar. Students complete secondary research to help make product decisions, eg what types of chocolate bars are currently available, how much do they sell for etc.  Teacher led explanation of market mapping.  Using the information generated from the secondary research students create a market map for the chocolate (drinks) market.  Teacher led explanation of qualitative and quantitative research. Reference – [Tutor2u webpage on quantitative and qualitative research](http://www.tutor2u.net/business/reference/marketing-quantitative-and-qualitative-research)  Using the questionnaire created in the earlier lesson, students to identify which of their questions helped collect qualitative data and which collected quantitative data.  [Quiz testing knowledge – quantitative or qualitative?](https://study.com/academy/practice/quiz-worksheet-quantitative-vs-qualitative-research-in-marketing.html) |
| To understand the benefits and drawbacks for various market research techniques.  To evaluate the best method for a given business. |  | 1 | Starter – [BBC Bitesize recap quiz on market research](http://www.bbc.co.uk/education/guides/zd4kq6f/test)  Using the experiences identified in previous lessons when students have collected primary and secondary research students create a table for the main benefits and drawbacks of each option.  9-mark question evaluating the most effective form of market research when researching the chocolate market to help create a new product.  Market research case study – [Kellogg’s Crunchy Nut](https://sbselearning.strathmore.edu/pluginfile.php/6446/mod_resource/content/1/Kellogs-%20New%20products%20from%20market%20research.pdf) |
| Use of market research: information that may help decision making | To be able to interpret and use qualitative and quantitative market research findings to help make appropriate decisions for different types of business. | Students should be expected to manipulate and interpret data from tables and charts. | 1 | Students write an explanation of what they have found from the market research they’ve collected in previous lessons.  Students given the opportunity to interpret qualitative and quantitative market research findings.  Complete question 1d) 9 marks Paper 1 June 2015. |
| To understand the difference between market size and market share. |  | 1 | Teacher explanation of market share and market size.  Students create a table including headings for market, market leader, market share, sales of the market leader and market size. Students decide on figures for different markets including crisps, chocolate bar, ice cream, cat food, coffee etc.  Teacher discussion/explanation on correct answers and why businesses benefit from understanding the information.  Students given the opportunity to interpret market share and market size data and graphs.  Use market share and size data to explain and test percentage calculations and percentage change calculations.  [Revision video on calculations](http://www.tutor2u.net/business/reference/understanding-markets-revision-video) |

3.5.4 The elements of the marketing mix: price, product, promotion and place (4Ps)

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Pricing methods | To understand price skimming and price penetration.  To understand the impact these pricing decisions will have on the business. | Students should have an understanding of the main features of pricing methods and the impact they will have on a business. | 1 | Reference – [BBC Bitesize webpage on pricing new products](http://www.bbc.co.uk/education/guides/zq8wmp3/revision/2)  Show four products – mobile phone, petrol, bread, designer clothes – students brainstorm the factors that would impact the level of price charged for each product, eg quality, brand, age of product, features, tax level etc.  Teacher led explanation of price skimming and price penetration.  Students to think of examples of products that use these pricing strategies.  Teacher led discussion on the impacts these pricing decisions will have on the business.  Students complete an analysis question on pricing strategies, for example – explain two benefits for PlayStation of using price skimming when launching their latest console. |
| To understand competitive pricing, loss leader and cost-plus pricing.  To understand the impact these pricing decisions will have on the business. | Students should have an understanding of the main features of pricing methods and the impact they will have on a business. | 1 | Teacher led explanation of competitive pricing, loss leader and cost-plus pricing.  Students to think of examples of products that use these pricing strategies.  Teacher led discussion on the impacts these pricing decisions will have on the business  Complete question 1d) 9 marks June 2015.  [Quiz on pricing strategies](https://www.bbc.co.uk/bitesize/guides/zdx92sg/test) |
| The factors that influence pricing decisions | To recognise the factors, internal and external, which might influence the pricing decision, particularly as businesses grow and expand.  To evaluate the factors and use them to assess the suitability of pricing methods for a given business. | Factors that influence pricing decisions include costs, nature of the market, degree of competition and the product life cycle. | 1 | Use [fairtrade resources on the pricing of bananas](https://www.fairtrade.org.uk/farmers-and-workers/bananas/about-bananas/) – includes resources to consider the factors that influence the price of bananas. Resource includes research tasks, videos etc.  Research – using the internet, students should research the price of a product in three different stores and explain why there are differences.  Add additional factors that influence pricing decisions to the original list made in the first pricing lesson.  Complete question 3c) 9 marks June 2014 or 2d) 9 marks June 2013.  [BBC Bitesize recap quiz on pricing](https://www.bbc.co.uk/bitesize/guides/zdx92sg/test) |
| To understand the basic relationship between price and demand. | Students should understand that as prices rise demand is likely to fall. | 1 | Starter – [read this article](http://www.bbc.co.uk/sport/football/27335693) – why would businesses offer this type of scheme?  Students create a table for the number of times they would watch their favourite football team or go to the cinema over a year (with a max of 30 times) at a range of different prices.  Students plot the data they have collected onto a diagram with price and quantity on the two axes.  Students explain the link between price and quantity demanded.  In pairs students generate ideas of factors that might cause an increase in demand other than price.  Teacher led discussion about why a business does not therefore always charge a very low price. |
| Product | To understand the benefits and risks of developing new products. |  | 1 | Why would it be beneficial for a business to produce the first commercial driverless car? [BBC article on driverless cars](http://www.bbc.co.uk/news/business-36136590)  Show [Dragons’ Den clip – The Wand Company](http://www.bbc.co.uk/dragonsden/entrepreneurs/richardblakesley.shtml) – what are the benefits and risks for these entrepreneurs of developing this new product?  [Evan Davis Marketing Mess-Ups – Apple](http://www.bbc.co.uk/programmes/p010v3xc) – issues of creating a new product. |
| To understand the importance of product design, image and the needs of the target market when designing new products. |  | 1 | [Evan Davis Marketing Mess-Ups – Sunny Delight](http://www.bbc.co.uk/programmes/p010v6t6) – issues of product design.  Students brainstorm the main factors to consider when designing new products.  Using the market research collected already to design the non-alcoholic cocktail or chocolate bar. Consider the main factors listed in your brainstorm when designing the new product. |
| Product differentiation | To understand the significance of having a USP in a competitive market.  To understand the importance of a good brand image. |  | 1 | Starter – show students an image of two mobile phones (a new model and an older model) – students list the differences in the two products. For example aesthetics, battery life, features, screen size etc.  Teacher led explanation of product differentiation and unique selling points.  Students explain what the unique selling point is for three products, eg Polo mints, Terry’s chocolate orange etc.  Show clips from [Junior Apprentice Episode 3](https://www.youtube.com/watch?v=XneZNezFuzE) – what do the teams do to differentiate their product from the competition?  [Guess the logo activity](https://www.tes.com/teaching-resource/logo-quiz-starter-6039762)  Students write down what they think are the [five most valuable global brands](https://www.forbes.com/powerful-brands/list/)  4-mark question explaining the benefit for Coca Cola of having a strong brand.  Students continue their non-alcoholic cocktail or chocolate project by creating a brand for their product. |
| The product life cycle | To understand the product life cycle.  To be able to demonstrate how the demand for a product or service might change over time.  To understand what is meant by an extension strategy.  To evaluate the effectiveness of extension strategies and when they would be suitable. | The stages of the product life cycle should include research and development, introduction, growth, maturity and decline.  Extension strategies include updating packaging, adding more or different features, changing target market, advertising and price reduction. | 1 | Starter – show products that were once successful – Nokia 3310, loom bands, Sega Megadrive, minidisc player etc. Students discuss why these products no longer exist.  Teacher led explanation of the product life cycle.  References – [Tutor2u webpage on product life cycle](http://www.tutor2u.net/business/reference/marketing-product-life-cycle)  [BBC Bitesize webpage on product life cycle](https://www.bbc.co.uk/bitesize/guides/z63847h/revision/2)  Students draw the product life cycle and explain each stage.  In pairs they should label their diagram with an example for each stage.  Show images of a variety of products or music bands – students have to decide which stage of the product life cycle they are currently at.  Show a product that is entering the decline stage of the product life cycle – in groups students generate three strategies they could adopt to try and increase the level of sales. Each group should present one strategy to the class and justify why they think their strategy is the best one.  From student ideas create a list of extension strategies.  Students think of business examples for each extension strategy.  Exam question June 2016 Paper 2 3d) 9 marks. |
| Product portfolio | To understand how and why businesses might broaden and balance their product portfolio using the Boston Matrix.  To be able to identify and explain the four categories of the Boston Box. |  | 1 | Starter – students list as main brands/products that are made by Nestle or the cars that are produced by Ford.  Reference – [BBC Bitesize webpage on product differentiation](http://www.bbc.co.uk/education/guides/zjkd2hv/revision/3)  Teacher led explanation of product portfolio.  Students discuss why businesses such as Ford and Nestlé have large product portfolios.  Teacher led explanation on the Boston Matrix. Students draw the Boston Matrix and explain the characteristics of each section.  Further reference – [Tutor2u webpage on Boston Matrix](http://www.tutor2u.net/business/reference/marketing-product-portfolios-boston-matrix)  Using Amazon as a business, students position the main Amazon products onto the relevant sections of the Boston Matrix.  Complete question 3d) 9 marks June 2014 or 1c) 4 marks June 2015. |
| Promotional methods | To understand what is meant by promotion.  To understand the reasons for promotion. | Reasons for promotion include inform/ remind customers about the product, create or increase sales, create or change the image of the product and to persuade customers to buy the product. | 1 | Starter – [BBC Bitesize recap quiz on product](https://www.bbc.co.uk/bitesize/guides/zj6kmfr/test)  Teacher led definition of promotion.  Students brainstorm reasons for promotion.  Show the [John Lewis Christmas advert](https://www.youtube.com/watch?v=Cyuqy4Eb_I4) – students discuss why they think John Lewis has been so successful with their adverts.  Students discuss their favourite/most memorable form of promotion – famous TV advert, radio advert, poster etc. |
| To understand the use of advertising by a given business.  To understand the benefits and drawbacks of advertising. | Methods of advertising, include newspapers, magazines, television, internet and billboards. | 1 | Starter – give students a choice of four products/brands (eg Nike, McDonalds, Pepsi, Apple). In pairs students choose one and list the methods used to promote the business.  Groups feedback their promotional methods to the class to generate a long list of methods of promotion – explain which ones they are focusing on in this lesson.  Show [Skoda Fabia TV advert](https://www.youtube.com/watch?v=WhfEGKc7PLQ) – why have Skoda chosen to advertise their car like this? What are they trying to encourage viewers to think?  Show [Skoda Fabia VRS TV advert](https://www.youtube.com/watch?v=aom2wOqZo-I) – what different impression are they trying to put across in this advert?  Students list the main methods of advertising.  Students discuss why these radio adverts were successful:  [McDonald’s](http://www.campaignlive.co.uk/article/top-10-radio-ads-2015/1376405)  [Weetabix](http://www.campaignlive.co.uk/article/1163736/top-10-radio-ads)  Students discuss why these billboards were successful:  [KitKat](http://www.adweek.com/files/imagecache/node-blog/blogs/kitkat-unfinished-billboard-hed-2014.jpg)  [Miele](http://www.toxel.com/wp-content/uploads/2009/01/billboards33.jpg)  Give students a range of newspapers and magazines – students to identify what they think is the best/most eye catching advert and write an explanation of why they think this.  [BBC Bitesize video on advertising online](https://www.bbc.co.uk/programmes/p052hrjr)  Students create a table for the main benefits and drawbacks of advertising.  Continue their marketing project – students create a poster advertising their new chocolate bar or non-alcoholic cocktail.  Continue their marketing project – students create a radio advert advertising their new chocolate bar or non-alcoholic cocktail.  Complete question 2b) 4 marks Paper 2 June 2013 or 1b) 4 marks Paper 1 June 2015. |
| Promotional methods | To understand the use of other promotional methods which are likely to be used by a given business.  To understand the benefits and drawbacks of promotional methods used by businesses. | Other promotional methods include PR, sales promotion (point of sales, displays, two for one offers, free gifts, samples, coupons and competitions), sponsorship and social media. | 1 | [BBC Bitesize video on advertising products at a market stall](http://www.bbc.co.uk/education/clips/z8dr4wx)  Using previous activities students create a list of the remaining methods of promotion.  Show students examples of sales promotions, eg McDonald’s Monopoly game. Students discuss why businesses undertake sales promotions.  [BBC Bitesize video on sales promotions used on cereals](https://www.bbc.co.uk/teach/class-clips-video/business-gcse-mcgovern/zmhxbdm)  Reference – [Tutor2u webpage on sales promotion](http://www.tutor2u.net/business/reference/marketing-sales-promotion)  Research – students research what businesses sponsored the last Olympic games or World Cup. Students discuss why businesses spend money sponsoring events.  Link back to a [video](http://www.bbc.co.uk/programmes/b011db78) shown at the beginning of the marketing section about Cadbury and their vouchers – what are the dangers/drawbacks of this type of promotion?  Students create a table for the main benefits and drawbacks of these methods of promotion. |
| To understand the factors influencing the selection of the promotion mix to assess their suitability for a given business.  To analyse the factors influencing the selection of the promotion mix to assess their suitability for a given business. | Factors that influence the selection of the promotional mix include the finance available, competitor actions, the nature of the product or service, the nature of the market and the target market. | 1 | Students brainstorm the main factors that influence the selection of the promotional mix.  Split students into groups. Each group is given a famous business or product. Students create a promotional campaign for their business/product.  or  Continue their marketing project – students create a promotional campaign for their chocolate product or non-alcoholic cocktail.  Students justify why they have chosen to use the methods of promotion that they have for their product.  Complete question 1d) 9 marks Paper 1 June 2013. |
| Place (the different channels of distribution used by businesses) | To understand the different channels of distribution used by businesses to gain access to potential customers.  To analyse the appropriateness of each distribution method for a given scenario. | Includes an understanding of retailers, wholesalers and telesales. | 1 | Starter – students generate ideas about where Apple products can be purchased from.  Show [video on market planning](https://www.youtube.com/watch?v=E4WHymuiJE4)  Definition of retailers, wholesalers and telesales.  Students draw a diagram illustrating the main channels of distribution.  Students discuss why the direct channel of distribution is increasingly the most popular.  Reference – [BBC Bitesize webpage on place](https://www.bbc.co.uk/bitesize/guides/zjqvf4j/revision/4)  [Place quiz](https://www.bbc.co.uk/bitesize/guides/zjqvf4j/test)  Give students a range of products, for each one students have to explain which channel of distribution is the best option.  Complete question 2c) 6 marks Paper 2 June 2015 or 1b) 4 marks Paper 2 June 2014. |
| e-commerce and m-commerce | To analyse the growing importance of e-commerce and m-commerce and how it can extend the reach of businesses to include international markets.  To understand the benefits and drawbacks of a business using e-commerce and m-commerce. |  | 1 | Starter – ask students whether they’ve ever bought anything on the internet. Ask students whether they’ve ever bought anything through their mobile phone. Students discuss why they use these technologies.  Show [video introducing e-commerce and m-commerce](https://www.youtube.com/watch?v=ClHLltQrAcA)  Teacher led definitions of e-commerce and m-commerce.  Show [video clip of the impacts of e-commerce on society](https://www.youtube.com/watch?v=Ykft689OfyE)  Teacher led explanation of the opportunities e-commerce and m-commerce have in reaching international markets. Show [Alibaba](https://www.alibaba.com/) to illustrate.  Students create a table listing the main benefits and drawbacks of a business using e-commerce and m-commerce. |
| Integrated nature of the marketing mix  Using the marketing mix to inform and implement business decisions | To understand the importance of the four elements and how they work together.  To be able to recommend appropriate marketing activities for a given business.  To recognise how the marketing mix evolves over time and evaluate how businesses may react to this. |  | 1 | Marketing mix case study – [McCain](https://www.mbaskool.com/marketing-mix/products/17394-mccain-foods.html)  Complete question 1d) 9 marks Paper 1 June 2016.  Show examples of products/promotional materials from the past and discuss how they are different to that of today:  [old mobile phone advert](https://www.youtube.com/watch?v=rWfqkrAM8IY) vs [iPhone 15 trailer](https://www.youtube.com/watch?v=XHTrLYShBRQ)  [old computer advert](https://www.youtube.com/watch?v=Y0jwgqk0J94) vs [HP Spectre advert](https://www.youtube.com/watch?v=BVfkbyxcY5g)  Show [Coca Cola Christmas advert](https://www.marketing-beat.co.uk/2023/11/13/coca-cola-holidays-coming/) – why do they still use this advert in 2023?  Complete question 2d) 9 marks Paper 1 June 2014. |

3.6 Finance

Teach before: Revision

Teach after: 3.5 Marketing

3.6.1 Sources of finance

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| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| Methods businesses use to raise finance | To understand the main internal and external sources of finance available.  To be able to analyse the advantages and disadvantages of each method for a given situation. | Sources of finance available include family and friends, retained profit, a new share issue, obtaining a loan or mortgage, selling unwanted assets, overdrafts, trade credit, hire purchase and government grants. | 2 | Starter – students brainstorm the reasons why businesses need to raise finance.  Show [Dragons’ Den video](https://www.youtube.com/watch?v=Ek0cT0WBXoQ) – students discuss why entrepreneurs choose to go on the programme.  Reference – [Tutor2u webpages on finance](https://www.tutor2u.net/business/reference/finance-other-external-sources-of-finance)  Show video clip on raising finance – [BBC Bitesize video on sources of finance](https://www.bbc.co.uk/bitesize/guides/zd83vk7/revision/5)  Research – students complete research on the main sources of finance available to new, growing or established businesses, eg [NatWest](https://www.business.natwest.com/business/loans-and-finance/small-business-loan.html), [AFC Bournemouth](http://www.bbc.co.uk/sport/football/15522448) etc.  Students create a table with headings including sources of finance, internal or external source of finance, appropriate for what size of business, advantages and disadvantages.  Students create a leaflet for the [Prince’s trust](https://www.princes-trust.org.uk/help-for-young-people/support-starting-business) to guide businesses on what finance is available and which would be the most appropriate source of finance for their business.  Complete question 1d) 9 marks Paper 1 June 2014. |
| Appropriateness of sources of finance | To be able to evaluate the suitability of sources of finance for new and established businesses. |  | 1 | Starter – [sources of finance quiz](https://www.bbc.co.uk/bitesize/guides/zdy2scw/test)  Give students a range of scenarios, eg purchasing more stock, purchasing a new factory etc. Students explain which source of finance is most appropriate in each case.  Complete question 3d) 9 marks Paper 2 June 2013 or 2b) 6 marks Paper 1 June 2015 or 2c) 9 marks Paper 2 June 2015. |

3.6.2 Cash flow

| **Specification content** | **Learning objectives** | | **Additional guidance** | **Suggested timing (hours)** | | **Learning activities and resources** |
| --- | --- | --- | --- | --- | --- | --- |
| Importance of cash to businesses  Difference between cash and profit | To understand the consequences of cash flow problems and the effect of positive cash flow.  To understand the difference between cash and profit. | |  | 1 | | Starter – [BBC Bitesize image on cash flow](https://www.bbc.co.uk/bitesize/guides/zn2bvk7/revision/1) – students try to explain what is going on to their partner.  Teacher led definition of cash flow.  Students explain why an ice cream shop may have cash flow problems during the year. Students explain the impacts on the ice cream shop of cash flow problems.  Research – students research what went wrong with Woolworths.  Students brainstorm the effects/benefits of having a positive cash flow position.  [Video illustrating cash flow problems](https://www.youtube.com/watch?v=UPRcTjxIvK8)  Reference – [Tutor2u webpage on cash flow](http://www.tutor2u.net/business/reference/finance-introduction-to-cash-flow)  Students list all the items that can be classified as cash in and all the items that can be classified as cash out.  Students recap calculations for profit.  Students identify the differences between cash flow and profit.  Complete question 3c) 5 marks Paper 1 June 2016. |
| Interpreting cash flow forecasts | To understand how and why cash flow forecasts are constructed.  To be able to complete and interpret sections of a cash flow forecast. | This includes an understanding of cash inflows and outflows, net cash flow and the opening and closing balance.  Students are not expected to be able to construct an entire cash flow forecast. | | 1 | Starter – [recap quiz – cash and cash flow](https://www.bbc.co.uk/bitesize/guides/zn2bvk7/test)  Teacher definition of a cash flow forecast.  Recapping understanding from last lesson – students make a list of reasons why cash flow forecasts are constructed.  Show a [cash flow forecast](http://www.tutor2u.net/business/reference/finance-cash-flow-forecast) – students explain to their partner how the different sections are calculated.  Students should complete a variety of cash flow forecasts and comment on the cash flow position of the business | |
| To be able to evaluate possible solutions to cash flow problems. | Solutions to cash flow problems, including re-scheduling payments, overdrafts, reducing cash outflow, increasing cash inflow and finding new sources of finance. | | 1 | Show a cash flow forecast for a hotel or other seasonal business suffering from cash flow problems during some months – students identify where the problem times occur and explain why this is likely to happen.  Students create a spider diagram for solutions that can be used to resolve these cash flow issues.  Reference – [Tutor2u webpage on dealing with a cash flow problem](http://www.tutor2u.net/business/reference/finance-dealing-with-a-cash-flow-problem)  [BBC Bitesize recap quiz on cash flow](http://www.bbc.co.uk/education/guides/z67mpv4/test)  Complete question 2d) 9 marks Paper 1 June 2013. | |

3.6.3 Financial terms and calculations

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Basic financial terms  Basic financial calculations | To understand the difference between variable costs, fixed costs and total costs.  To understand the concept of revenue, costs, profit and loss.  To be able to calculate revenue, costs and profit. |  | 1 | Starter – students write a list of 10 costs that a retail business incurs. Students swap their list with their partner. The partner needs to identify whether the cost are variable or fixed.  Key words and simple calculations revision test.  Complete question 2b) 4 marks Paper 1 June 2016 profit calculation.  Complete question 1.7 from specimen paper 2. |
| Average rate of return | To understand the main investment projects that businesses undertake.  To be able to calculate the average rate of return for these projects. | The main investment projects include investment in new machinery, buildings and vehicles. | 1 | Starter – show an image of an expensive sports car and a luxury yacht – students decide which one they would purchase and why. Teacher explains that this decision is based around enjoyment of the product etc. vs the cost of the product. Most businesses will base their decisions on cost of the project vs the profit they can generate from the project.  Students create a list of the main investment projects businesses are concerned with.  Teacher led explanation of the average rate of return calculation.  Students complete average rate of return calculations for a variety of projects.  Complete question 2.4 from specimen paper 2. |
| Break-even | To understand the meaning of the term break-even output and interpret break-even charts.  To be able to identify the break-even level of output and margin of safety from a break-even chart.  To be able to evaluate the value of using break-even analysis to a business. | Students will not be expected to draw break-even charts or use the break-even formula. | 2 | Starter – students list the main objectives of a business, eg profit maximisation, increase brand awareness, minimal environmental impact etc.  Teacher explanation of why a business reaching their break-even level is one of the most important targets for any business.  For reference – [BBC Bitesize webpage on breaking even](https://www.bbc.co.uk/bitesize/guides/z7kpt39/revision/4)  Students draw a break-even chart and label the cost and revenue lines. Students draw arrows to the relevant lines explaining why they are shaped like they are, eg fixed cost line is horizontal as fixed costs don’t change with output.  Teacher led explanation of the break-even point and the corresponding profit/loss.  Students label the break-even point and shade in the profit and loss sections on their break-even chart.  Teacher led explanation of the margin of safety.  Students label the margin of safety on their break-even chart.  Students create a table for the main benefits and drawbacks of break-even analysis.  Recap test – [financial terms and calculations](https://www.bbc.co.uk/bitesize/guides/z7kpt39/test) |

3.6.4 Analysing the financial performance of a business

| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
| --- | --- | --- | --- | --- |
| Purpose of financial statements | To understand the importance of financial statements for assessing business performance and helping make business decisions. |  | 1 | Starter – students test their partner with three financial key terms and one calculation.  Reference – [Tutor2u webpage on financial accounts](http://www.tutor2u.net/business/reference/introduction-to-finance)  [BBC Bitesize video on financial records](https://www.bbc.co.uk/bitesize/guides/z6p892p/video)  In pairs students consider the reasons why businesses keep financial statements. |
| Components of financial statements | To identify the main components of the income statement. |  | 1 | Reference – [BBC Bitesize webpage on financial records](http://www.bbc.co.uk/education/guides/zhm6sbk/revision/1)  Teacher led explanation on the main components of the income statement.  Students draw out an income statement and highlight key calculations.  Students complete a mix and match activity on the main costs included – which costs are expenses and which are direct costs?  Students to complete practice questions assessing gross profit and net profit calculations. |
| To identify the main components of the statement of financial position.  To understand that the statement of financial position is a snapshot in time.  To understand the difference between assets and liabilities. |  | 1 | Reference – [BBC Bitesize webpage on balance sheets](http://www.bbc.co.uk/education/guides/zhm6sbk/revision/2)  Teacher explanation of the components of the statement of financial position.  Students write a definition of the statement of financial position.  In pairs students discuss what it means to be a snapshot in time.  Students write definitions of assets and liabilities and brainstorm examples of each.  Teacher led discussion on the importance of managing the assets and liabilities of the business. |
| Interpretation of data given on financial statements | To make judgements on the performance of a business through the interpretation of the information contained in income statements. | Students should consider current performance, performance against previous years, performance against competitors and performance from the perspective of a range of stakeholders. | 1 | Starter – break the income statement into sections – students have to place the sections in the correct order.  Recap understanding of stakeholders – students list which stakeholders would be interested in the financial statements and why.  Give students simple income statements for two businesses each with two years’ worth of data. Students need to judge which business they think is currently being most successful and why they think this.  Complete question 3c) 4 marks Paper 2 June 2016. |

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| **Specification content** | **Learning objectives** | **Additional guidance** | **Suggested timing (hours)** | **Learning activities and resources** |
|  | To calculate gross profit margin and net profit margin to help assess financial performance. | Students will not be given formulae in an exam. | 1 | Teacher led explanation on calculating and interpretation of gross profit margins.  Students calculate the gross profit margin for two years for a business example.  In pairs students explain what the figures mean for the business and what actions they can take to improve their gross profit margin.  Teacher led explanation on calculating and interpretation of net profit margins.  Students calculate the net profit margin for two years for a business example.  In pairs students explain what the figures mean for the business and what actions they can take to improve their net profit margin.  There are many old exam questions for this topic, eg 2a) NPM Paper 2 June 2015 or 3b) GPM June 2013 or 3b) GPM June 2016. |