

**DEVELOPING A NEW OR AN EXISTING BUSINESS ENTERPRISE
LEVEL 3 – CCA016-03**

To achieve a full award, candidates must complete seven mandatory units. A unit is normally the smallest part of the NVQ that a candidate can get recognition for. Candidates can also take additional units although these are not required to complete the qualification.

Mandatory Units (All must be completed)	<u>Unit Number</u>
1. Achieve the goals for you business	U27503
2. Win and keep customers	U27603
3. Build relationships to build your business	U27703
4. Check the likely success of a business idea	U27803
5. Decide on the capital needs of your business	U27903
6. Check your ability to run your business	U28003
7. Plan how you will sell your products or services	U28103

U27503: Achieve the goals for your business

Unit Descriptor:

To be successful, you need to have a firm view of where you want your business to go. A clear vision of the future helps you to react effectively to changes inside and outside of your business and the challenges presented to you at any given time. Having a vision means you can:

- Be clear about where your business should go;
- Understand what will affect your business and how;
- Maximize business opportunities; and
- Manage risk.

Who might do this:

You might do this if you need to:

- Set up a business or a social enterprise for the first time;
- Review the current business plan;
- Make changes to the directions of your business; or
- Persuade staff, clients, stakeholders or others of the need to prioritise or make important changes within your business.

What it involves:

Achieve the goals for your business involves:

- Clarifying the purpose, nature and values of your business;
- Recognizing and creating business opportunities where they do not obviously exist;
- Assessing and minimising the risks of different courses of actions;
- Making decisions on the evidence available;
- Reviewing and monitoring the progress of your business towards the vision from time to time; and
- Involving other people who are critical to the success of your business.

ELEMENT**PERFORMANCE CRITERIA***To be competent you must achieve the following:*

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|--|--|
| 1. Achieve the goals for your business | 1.1 Clarify the nature and purpose of your business. |
| | 1.2 Clarify the values that underpin your business. |
| | 1.3 Identify where your business is and where it needs to go. |
| | 1.4 Make sure that your vision underpins the development and planning of your business. |
| | 1.5 Share your vision with others who are critical to your business. |
| | 1.6 Take account of the views of any staff or stakeholders when pursuing your vision. |
| | 1.7 Look for, and recognise, business opportunities. |
| | 1.8 Create business opportunities where they do not obviously exist. |
| | 1.9 Identify quickly potential business developments and how they will affect your business. |
| | 1.10 Identify the additional benefits of potential business opportunities. |
| | 1.11 Identify the resources to do what is needed. |
| | 1.12 Recognise and minimise negative influences on your business. |
| | 1.13 Be willing to take what you assess to be reasonable risks. |
| | 1.14 Confidently make decisions on the best available, but often incomplete, information. |

- 1.15 Learn from what works and what does not.
- 1.16 Find ways to develop and maintain the confidence, drive and enthusiasm to succeed.
- 1.17 Make sure you are moving towards your vision at all times.

RANGE STATEMENT

You must cover the items below:

A. Others

- (i) staff
- (ii) customers
- (iii) creditors
- (iv) networking contacts

B. Resources

- (i) financial
- (ii) plant/equipment/material
- (iii) human resources
- (iv) information

UNDERPINNING KNOWLEDGE AND SKILLS**Vision**

1. What success for your business looks like.
2. What the values that underpin your business are and whether they are consistent with your vision.
3. How much of the vision is already in place.
4. What you need to do to achieve your vision.
5. How to involve people who are critical to your business when developing and realizing your vision.
6. How to ensure that your vision is clearly communicated to all who need to know it.
7. How to monitor and adjust your business planning and development to support your vision.
8. What measures you will use to judge if your business is moving towards your vision.

Business opportunities

9. What the challenges and opportunities in your business environment are (for example, changes in the marketplace, competition, government policies or other changes in the environment).
10. What are the implications of any new venture for your business' direction, image and bottom line.
11. How to seek out, identify and take advantage of business opportunities.
12. How to be creative and innovative when considering new opportunities for your business.
13. How to take into account the lessons learned from previous business successes or failures.
14. How to identify and weigh up the risks linked to different courses of action.
15. How to collect and use evidence to support your decisions.

EVIDENCE GUIDE**(1) Critical Aspects of Evidence**

For your assessor to judge whether you have done all that is needed for this unit, you must show that you:

- Have done all the things in the performance criteria.
- Know and understand everything in the knowledge and understanding section
- Have the proof that is described in the evidence requirements section
- Have covered the items in the range

For a proposed or new business venture, evidence for this unit will focus on your business plans, in particular:

- Clarifying and communicating your vision
- Planning how this vision will be achieved
- Identifying business opportunities
- Considering challenges in the business environment and the implications for achieving your business goals
- Using this information to inform your decisions and business planning.

(2) Methods of Assessment

1. A written statement, or records of discussion with your assessor, in which you describe the vision, nature, purpose, values and direction of your business.
 - The introductory section of your business plan
 - A presentation you had prepared to gain funds, partners or customers
 - The same statement you have used produced for unit 27803
 - Records of discussion with your assessor
2. A record of your business analysis which identifies opportunities and threats and gives the reasons why you accepted or rejected advice or opportunities.
 - Your market research records
 - Your PESTLE analysis (Political, Economic, Social, Technological, Legal, Environmental)
 - Your SWOT analysis (Strengths, Weaknesses, Opportunities and Threats)
 - Targets/measures for:
 - market position
 - products and services
 - financial performance
 - customer service

3. Records of discussions with key business people:
 - Notes taken at meetings with proposed business partners, bank managers, potential customers or other business professionals
 - Letters and/or emails you have written and received
4. Record (s) of your assessor observing you and/or a discussion with your assessor which describe how you involved people critical to your business when developing your vision and how you behaved:
 - Your assessor's notes from when the assessor accompanied you on a business visit
 - Records of discussion (s) with your assessor
 - Records of written or oral questioning initiated by your assessor
 - Notes of meetings
 - Correspondence confirming meetings and/or outcomes
 - The observation record (s) should make reference to, but need not be restricted to, Performance Criteria 1.4 – 1.7 in particular.
5. Record of the resources you plan to have and the reasons why you decided on these and rejected others.

(3) Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.

(4) Links to other units

U27803 Check the likely success of a business idea.

U27603: Win and keep customers

Unit Descriptor:

Without customers you have no business. You will need to put as much effort into winning and keeping your customers as you do in providing products or services. Working closely with your customers, understanding their motivations and why they chose your business will help you to keep their custom and innovate to attract new customers. Some estimate that it costs ten times as much to attract a new customer as it does to keep an existing one. Setting your business up with your customers at its heart will help to keep you ahead of competitors and earn you invaluable customer loyalty.

Who might do this:

You might do this if you are:

- Setting up a new business or social enterprise;
- Running an existing business or social enterprise; or
- Expanding your business or social enterprise

What it involves:

Winning and keeping customers involves:

- Understanding who your customers are;
- Researching their needs;
- Developing and maintaining a good experience for your customers;
- Encouraging their feedback on your products or services; and
- Trying continuously to improve the service your business provides

ELEMENT**PERFORMANCE CRITERIA**

To be competent you must achieve the following:

1. Win and keep customers

- 1.1 Identify who are my potential customers.
- 1.2 Understand your customers' current needs and future requirements.
- 1.3 Identify your customers' current needs and future requirements.
- 1.4 Consider if your products or services will appeal to new or potential customers with specific needs.
- 1.5 Work out why customers choose to work with your business or buy your products or services.
- 1.6 Know your competition and be able to explain to customers the advantages of your offer.
- 1.7 Clearly define what products or services your business delivers and make sure that you present them to customers in a way they can relate to.
- 1.8 Tell your customers how you are aiming to meet their needs and about new developments.
- 1.9 Check that your marketing strategy is based on an accurate understanding of your customer's needs and preferences.
- 1.10 Check that your **business infrastructure** is set up in a way that helps you maximize customer satisfaction.
- 1.11 Identify your most valuable customers and channel efforts to meet their needs.
- 1.12 Build good relationships with customers by providing good customer service.

- 1.13 Encourage customer loyalty.
- 1.14 Strive to continuously improve the service to your customers and exceed their expectations.
- 1.15 Encourage feedback from your customers and act on it.

RANGE STATEMENT

You must cover the items below:

A. Business infrastructure

- (i) staff
- (ii) physical environment
- (iii) financial management
- (iv) delivery processes for products or services

UNDERPINNING KNOWLEDGE AND SKILLS**The market**

1. What information about your customers that will help you tailor products or services to meet the needs of the market (for example, typical age, gender, interests and spending habits).
2. How to group your customers according to their needs and value to your business.
3. Key information about your competitors (for example, how your product or service differs to theirs, their strengths and weaknesses, how much they charge for similar products or services).

Marketing

4. The vision of your business, the products or services it provides and how best to communicate this information clearly and passionately to potential customers.

Business infrastructure

5. What impact your business infrastructure has on the quality of customer service (for example, efficient IT and communication systems, billing processes or customer relationship management processes and after sales care).

Customer's experience

6. How to build good and trusting relationships with customers (for example respond to queries in a timely manner, be flexible and make the extra effort to meet their requirements).
7. How you can improve the experience your customers have when dealing with your business (for example, by being available to them, tailoring products or services to meet their specific needs and offering discounts for customer loyalty).
8. How to regularly remind customers of the benefits of dealing with your business.

Customer feedback

9. What feedback to get from customers (for example, why they choose to do business with your organisation, how you can improve service and what new products or services you could offer).
10. The most effective ways to get feedback from customers.
11. How to tell customers how you have used their feedback.

EVIDENCE GUIDE

(1) Critical Aspects of Evidence

For your assessor to judge whether you have done all this is needed for this unit, you must show that you:

- Have done all the things in the Performance Criteria
- Know and understanding everything in the Knowledge and Understanding
- Have the proof that is described in the evidence guidance
- Have covered the items in the range

(2) Methods of Assessment

For a proposed or new business venture, evidence for this unit will focus on the market research you have undertaken and your plans for developing relationships with your customers, in particular:

- The needs and preferences of the group or types of customers you have identified for your products or services
 - How you will communicate clearly what products or services you offer, including any unique selling points, in a way that your customers can relate to
 - Planned levels of customer service linked to your company values and related activities to encourage customer loyalty
 - Your plans to obtain and use customer feedback
1. The results of market research you have undertaken identifying the different groups and types of customers for your business, your assessment of their current needs and future requirements and how your products or services will meet these.
 - Sections of your business plan in which you identify and describe the customer groups for your business and explain how your products or services will meet their current and future needs
 - Records of market research you have undertaken, including key information about your competitors
 - A statement, or a record of a discussion with your assessor, clarifying who your customers are, their needs and future requirements and describing how your products or services will meet those needs.
 2. A written statement or record of discussion with your assessor defining the products or services that your business delivers and your plans to present that information to customers.
 - Sections of your business plan in which you clearly define your products and services
 - A written outline of key marketing messages
 - Your marketing plans
 - Marketing materials, finalized or in draft

3. Details of your planned approach to customer service and a description of the procedures you will use to monitor and maximizes customer satisfaction.
 - Your customer service policy or an outline of the main things which will be in your customer service policy
 - Your plans for getting and using feedback from customers
 - Plans for encouraging and reinforcing customer loyalty
 - A statement, or a record of a discussion with your assessor, detailing how your planned business infrastructure will help you to win and keep customers, including your most valuable customers

(3) Context of Assessment

Where evidence produced for another unit is used as evidence for this unit, you should ensure that it meets all the criteria for this unit and ask for supplementary evidence if necessary.

If you have any queries regarding the suitability of any evidence presented by candidates, you should contact your External Verifier to confirm if the evidence is acceptable.

(4) Links to other units

U27703 Build relationships to build your business

U27703: Build relationships to build your business

Unit Descriptor:

Building relationships is crucial for finding out about business opportunities, gaining the resources you need, winning customers and getting help and advice. Any successful business relationship has to be based on trust and respect and be mutually beneficial to the individuals involved. This unit identifies the key things that are essential to building effective business relationships.

Who might do this:

You might do this if you need to:

- Set up or run your own business or a social enterprise;
- Spot new opportunities for your business or social enterprise; and/or
- Expand your customer or client base.

What it involves:

Build relationships to build your business involves:

- Establishing business relationships by effective networking;
- Laying the foundations for long term business relationships; and
- Developing effective strategies for continuing stable business relationships.

ELEMENT**PERFORMANCE CRITERIA***To be competent you must achieve the following:*

- | | |
|---|--|
| 1. Build relationships to build your business | 1.1 Invest time in networking activities to build a worthwhile network of business contacts . |
| | 1.2 Be prepared to make the first approach when an opportunity to network arises. |
| | 1.3 Establish rapport with others quickly and effectively and make a good first impression. |
| | 1.4 Make sure you communicate a consistently positive message, including your non-verbal signals. |
| | 1.5 Find and use effective techniques to learn and remember other people's names. |
| | 1.6 Make a note of relevant information you learned about an individual or organisation. |
| | 1.7 Tell people clearly what you have to offer and how it is of benefit to your customers. |
| | 1.8 Make sure that you make contact effectively with as many people as possible in any networking situation. |
| | 1.9 Follow through on commitments to make further contact or take action. |
| | 1.10 Let people know why as soon as possible, if you cannot deliver what you have promised. |
| | 1.11 Recommend other people in your contact network when you are unable to provide a service or products. |

- 1.12 Find ways to keep in regular contact with new and existing contacts.
- 1.13 Identify business relationships that are not working as well as they should and try different ways to improve them.
- 1.14 Take into account the differences between people from different backgrounds in your business relationships.
- 1.15 Recognise that people have different approaches in their dealings with others and adapt your behaviour to accommodate this where possible and appropriate.

RANGE STATEMENT

You must cover the items below:

A. Network of business contacts

- (i) trade or industry association
- (ii) your customers and suppliers
- (iii) professional advisers
- (iv) family, friends and other informal contacts

B. Communicate

- (i) orally
- (ii) written
- (iii) non-verbally

UNDERPINNING KNOWLEDGE AND SKILLS**Communication**

1. How to develop rapport quickly when meeting people (for example by using appropriate eye contact, friendly demeanour and a firm handshake).
2. How body language can influence your communications with others.

Business relationships

3. How to create a good first impression (for example by finding out what others are interested in and encouraging others to talk about themselves).
4. How to listen attentively to other people and paraphrase to show that you have actively listened.
5. The importance of acting with integrity to others at all times.
6. What you need to do to develop and maintain respect and trust in business relationships.
7. How important it is to recognise and respect appropriate boundaries in your relationships with others.
8. How you benefit by introducing and referring your business contacts to others when the opportunity arises.
9. How to maintain networking relationships (for example by making time and space in your schedule to meet or talk with others relevant to your business even when you are under pressure).

Networking

10. The range of networks that are available to help your business (for example,
 - General business membership organisations such as the Small Business Association and Chamber of Commerce;
 - Trade or industry association;
 - Business clubs and networking organisations;
 - Your customers and suppliers;
 - Professional advisers; and
 - Family, friends and other informal contacts.
11. The benefit of a geographical network to local business in influencing regional decisions or in getting funding for joint action.

12. How to spot business opportunities in networking situations by listening to what other people do and finding possible connections with your own business.
13. How to be effective in networking situations (for example, by taking other people's contact details or business cards and agreeing when and how to get in touch).
14. How to promote what you do in a way that will encourage other people to find out more about your business.

Culture and Personality

15. How to recognise, learn about and respect the differences between people from different cultures or backgrounds.
16. What makes people behave in certain ways.

Information and advice

17. How to find specialist advice and support to help you to develop your skills in networking.

EVIDENCE GUIDE**(1) Critical Aspects of Evidence**

For your assessor to judge whether you have done all that is needed for this unit, you must show that you:

- Have done all the things in the section performance criteria
- Know and understand everything in the knowledge and understanding section
- Have the proof that is described in the evidence requirements section
- Have covered the items in the range

For a proposed, new or existing business venture, evidence for this unit will focus on your preparations to undertake networking activities and your strategy to establish and maintain stable long term business relationships. If you currently invest time in networking activities relevant to your new or existing business you will be able to present evidence generated through your current activity as proof for this unit.

(2) Methods of Assessment

1. Documented evidence of establishing and building business relationships **or** of your preparations to undertake networking activities and your planned strategy for developing business relationships in order to build a network of business contacts.
 - A statement, or a record of a discussion with your assessor, in which you identify networking opportunities that are relevant to your business and explain how you use, or plan to use, these opportunities to build business relationships.
 - Records of written or oral questioning initiated by your assessor. If you currently undertake networking activities relevant to your proposed or new business, documented evidence could include:
 - A diary of network activity, including any agreed follow-up actions
 - Notes taken of relevant information you learned about a contact while networking
 - Evidence of follow-up on commitments you have made, such as records of further contact, letters you have written and received or other actions taken
 - Referrals you have made within your network of business contacts

- Ways in which you have kept in regular contact with new and existing contacts
2. Records of your assessor observing you, or records of discussion(s) with your assessor, which describe who made an approach, established rapport and communicated effectively during a networking opportunity **or** during an initial contact with the key business people (refer to unit 27503).
- Your observation record (s) should make reference to, but not be restricted to, Performance Criteria 1.2-1.3 and 1.7 in particular.
 - Your assessor's notes from observing you during a networking opportunity or during an initial contact with a key business person.
 - Records of discussions with your assessor
 - Records of written or oral questioning initiated by your assessor
 - Your assessors' notes generated for unit 27503 provided that they record evidence relevant to Performance Criteria 1.2, 1.3, 1.4 and 1.7 of this unit.

(3) Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.

(4) Links to other units

U27503 Achieve the goals for your business
U27603 Win and keep customers

U27803: Check the likely success of a business idea

Unit Descriptor:

You need to check a new business idea to see if it will succeed. This will:

- Help you know that an idea is worth developing further; and
- Stop you wasting time and money on an idea that will not succeed.

Who might do this:

You might do this if you are:

- Setting up a new business or social enterprise;
- Expanding your business or a social enterprise; or
- Changing or adapting the products or services offered by your business or a social enterprise.

What it involves:

Checking the likely success of a business idea involves:

- Looking at your business idea as a whole, in an open-minded way and identifying how it will work in practice;
- Developing a clear understanding of your customers' needs, your competitors' activities and the market for your business idea;
- Identifying the implications of any laws you will need to meet, resources you will need to buy and skills you or others will need to develop; and
- Deciding whether your business idea is likely to make you enough money to cover your costs and any profits that you need to make.

ELEMENT**PERFORMANCE CRITERIA**

To be competent you must achieve the following:

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|--|---|
| 1. Check the likely success of a business idea | 1.1 Describe your business idea and why it will be successful. |
| | 1.2 Understand the kind of market your business idea will be in. |
| | 1.3 Research to make sure there is room for your business idea in the market. |
| | 1.4 Find out who your competitors would be, what their strengths and weaknesses are and how you might compete with them. |
| | 1.5 Check up on market trends, business trends and anything else beyond your control that might affect your proposed business idea. |
| | 1.6 Check what laws and regulations would affect your business idea and how you would meet them. |
| | 1.7 Identify what skills, abilities or knowledge you or other people will need to deliver your business idea. |
| | 1.8 Identify what equipment, tools, materials or additional people you would need to deliver your business idea and how much they would cost you. |
| | 1.9 Find out how much it is likely to cost you to deliver your business idea, how you will pay for it and how you will pay early running cost. |
| | 1.10 Work out how much you can charge your customers to cover your costs and meet your profit targets. |
| | 1.11 Judge your business idea and decide whether you should pursue it, adapt it or discard it. |

RANGE STATEMENT

You must cover the items below:

A. Market

- (i) national
- (ii) regional
- (iii) international

B. Competitors

- (i) same size
- (ii) larger

C. Laws of regulations

- (i) legislation
- (ii) industry regulations
- (iii) regional and international trade agreements

UNDERPINNING KNOWLEDGE AND SKILLS

Business focus

1. How to identify a business idea's unique selling point and why it will be successful.
2. How to judge whether a business idea is worth developing or adapting.

Market research

3. What you need to research, how you can get hold of published market research and how you can carry out your own.
4. How customers' actions and choices might affect the success of your business idea.

Competitors

5. How you can tell if your competitors will affect your business.

Market and business trends

6. What political and commercial changes could affect your business idea.
7. What local, national and international events could limit or improve your business opportunities.

Law and regulations

8. What laws will affect your business idea and how.

Skills and abilities

9. How you can judge your own and other people's skills, abilities and knowledge.
10. Different ways that skills, abilities and knowledge can be developed.

Resources

11. How to identify resource needs and how much they will cost.

Finances

12. How much revenue you hope to realise, profit you hope to make, how to cost a product or service and how to work out a mark-up price.
13. How to understand and use cash-flow forecasts and profit and loss accounts and what information you would need to produce them.

EVIDENCE GUIDE

(1) Critical Aspects of Evidence

For your assessor to judge whether you have done all that is needed for this unit, you must show that you:

- Have done all the things in the section performance criteria
- Know and understand everything in the section knowledge and understanding section
- Have the proof that is described in the evidence requirements section
- Have covered the items in the range

To check the likely success of your business idea you need to consider a range of issues spanning the internal workings of the business in practice to the market and context in which you would be establishing and operating the business.

At this stage this will involve you drawing together a range of information and undertaking initial market research in order to make an informed judgement about the likely success of your idea.

The work you carry out at this stage will form further activity should you decide the idea is worth developing further. Evidence generated while completing this unit will be of use when you develop your formal business plan and may also provide evidence for other units.

(2) Methods of Assessment

1. A written statement or record (s) of discussion (s) with your assessor describing your business idea and your reasoning why you think it will be successful:
 - The same statement you use to support your market research and/or your financial estimates
 - The introductory sections of your business plan
 - The same statement you use for the unit 27503
2. Records of market research, showing information about competitors, market trends and identifying any further research needed:
 - The same evidence you use for unit 27503
3. Records of financial estimates including:
 - Cash flow forecast
 - Profit and loss forecast
 - Sales forecast
 - Revenue forecast

4. Records of the laws and regulations that might affect your business and the reasons why they might affect you:
 - A list of the relevant laws and regulations with details of how they might affect your business
 - Part of a presentation to a business professional
 - Part of the information in your business plan

(3) Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.

U27903: Decide on the capital needs of your business

Unit Descriptor:

In order for your business to be successful you will need to establish that your business is financially sound. You must think about what you need to start up your business and what you need to keep it running well.

Who might do this:

You might do this if you are:

- Setting up a business or social enterprise;
- Taking over another business or social enterprise;
- Expanding your business or social enterprise; or
- Changing the way an existing business or social enterprise is run.

What it involves:

Deciding on your capital needs involves:

- Working out how much money you need for all parts of your business;
- Comparing it with the money you put into your business and the money your business might generate; and
- Deciding if you need to get any additional money.

ELEMENT**PERFORMANCE CRITERIA***To be competent you must achieve the following:*

- | | |
|---|--|
| 1. Decide on the capital needs of your business | 1.1 Decide on the amount of capital and type you will need. |
| | 1.2 Research how much any premises and insurance will cost. |
| | 1.3 Research how much any equipment you need will cost. |
| | 1.4 Research how much any supplies you need will cost. |
| | 1.5 Research how much any market research and advertising you are planning will cost. |
| | 1.6 Research what the cost to your business will be on any staff you need to recruit, employ and train. |
| | 1.7 Estimate what it will cost to carry out all of the activities needed to run your business properly. |
| | 1.8 Compare your figures with what money you expect your business to make and any money you have available yourself. |
| | 1.9 Decide whether you need to get any extra money for your business and if so how much. |
| | 1.10 Use advice from experts to help you check that your estimates are realistic. |

RANGE STATEMENT

You must cover the items below:

A. Estimates

- (i) property and incidentals
- (ii) equipment and supplies
- (iii) market research and advertising
- (iv) staff
- (v) day to day running of business
- (vi) extra money

UNDERPINNING KNOWLEDGE AND SKILLS**Capital needs**

1. How to work out how much money you need to live on taking into account any working tax credit and benefits.
2. What income your business needs to make to give you the money you need to live on.
3. How to research and estimate the costs of the main items of expenditure, such as premises, equipment, supplies, and any staff you need to employ.
4. How to estimate the cost of any market research.
5. How to work out your expenditure.
6. How to produce and use forecasts, estimates and projections of finance in your business. (For example cash flow forecasts, breaking even, profit and loss, income and spending and budgets for specific areas like marketing).
7. How to judge which information is reliable enough to base financial targets on.
8. How to set clear business and financial objectives which are realistic, achievable and can be measured.

Profit and loss

9. How to work out the right price for your products or services and what the appropriate profit margins for your business and its products or services are.
10. How to calculate the difference between gross and net profit.
11. What is contained in and how to make sense of cash flow forecasts, profit and loss statements, and balance sheets.

Information and advice

12. Who can provide financial advice on a business. (For example, accountants, lawyers, advice centres, banks and other finance providers). Advisers may be independent or tied to a particular company.
13. What sources of information are available. (For example, business associates, business advice centres).

EVIDENCE GUIDE**(1) Critical Aspects of Evidence**

For your assessor to judge whether you have done all that is needed for this unit, you must show that you:

- Have done all the things in the performance criteria.
- Know and understand everything in the knowledge and understanding section
- Have the proof that is described in the evidence requirements section
- You have covered all items in the range

For a proposed, existing or new business venture, evidence for this unit will focus on your business plans, in particular:

- Your estimates of the cost of running the business, including the costs of premises and insurances, equipment, supplies, marketing and advertising
- Your forecasts and projections of finance in your business (for example cash flow forecasts, break even analysis, profit and loss, income and spending)
- Your conclusions regarding the financial needs of your business, making use of advice from experts to check your own estimates

(2) Methods of Assessment

1. Records showing how you have decided the income you need to live on.

This could be:

- A personal budget taking into account:
 - All sources of income, including any benefits to which you are entitled and the effect of any working tax credits
 - Your regular outgoings
 - Infrequent or occasional expenditure that you make (e.g. gifts, holidays, repairs or maintenance)
- Notes of any assumptions you have made while calculating your income needs

2. Records of the research you have undertaken into the costs of operating your business and your estimates of the costs of your main items of expenditure.

This could be:

- Your research into the cost of premises and insurance, including a detailed list of your needs for business premises including size, location, services needed, proximity to customers or transport, lease options
- Your research into the cost of equipment you need, including the cost of different options for accessing the equipment such as rental, lease or purchase.

- Your research into the cost of any supplies you will need.
 - Your plans for market research and advertising and your estimates of the cost of implementing these plans
 - Your staff recruitment plans and estimates, based on your research, of the associated costs
3. Your financial forecasts for your business including:
- A sales forecast
 - A cash flow forecast
 - A profit and loss forecast
 - A statement detailing the money you need for the business and, if required, how much extra money you require

This could include:

- The financial forecasts included in your business plan
- Notes or calculations supporting your sales forecast and how you have worked out the price for your product or service
- Notes and calculations describing your break even point and your assessment of the money you need for your business
- A statement, or a record of a discussion with your assessor, in which you explain the things that you have done and considered in deciding the financial needs of your business
- Records of advice received from experts that you have used to check your own estimates
- Records of written or oral questioning initiated by your assessor.

Observation is unlikely to be a source of evidence for this unit. Observation of research activity, performance criteria 1.2-1.6, and of accessing expert advice, performance criteria 1.10, may for a part of the overall evidence for this unit. The Business Plan, in particular information on costs and financial forecasts, along with any supporting research, notes and calculations will be a primary source of evidence.

(3) Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.

U28003: Check your ability to run your business

Unit Descriptor:

You are the most important resource in your business, so you must know what you are good at doing. It is also important to look at how you can get better at the things you do not do so well. This will help you avoid problems later.

Who might do this:

You might do this if you need to:

- Plan a new or maintain an existing business or social enterprise;
- Work out what things you are better at and what you find more difficult;
- Make sure that your skills keep pace with your business or social enterprise as it grows; and
- Develop your role in some way.

What it involves:

Checking your own skills and abilities involves:

- Deciding what skills are needed for your business;
- Looking at your own skills, strengths and weaknesses, and working out the ways these may affect your business; and
- Checking how your performance affects your business.

ELEMENT	PERFORMANCE CRITERIA
1. Check your ability to run your business	<i>To be competent you must achieve the following</i>
	1.1 Analyse what you should be doing in your business.
	1.2 Check how your performance affects the success of your business.
	1.3 Take into account the views that other people may have about your business.
	1.4 Regularly set and review targets for your performance.
	1.5 Check whether you are reaching your targets. Revise targets as necessary.
	1.6 Set yourself new targets when previous targets are met.
	1.7 Make sure that you use all relevant information to make judgements about yourself.
	1.8 Change what you do to improve your own and your business' performance .
	1.9 Monitor your performance to see if it is affecting the success of your business.
	1.10 Decide what your strengths and weaknesses are and decide if you need to develop your skills, knowledge or abilities.

RANGE STATEMENT

You must cover the items below:

A. Performance in relation to:

- (i) technical knowledge and skills
- (ii) time management
- (iii) financial management
- (iv) customer and supplier relationships
- (v) human resource management

B. Business performance:

- (i) image
- (ii) targets/goals

UNDERPINNING KNOWLEDGE AND SKILLS**Your performance**

1. What you need to be able to do in the short, medium and long term to run your business successfully. (For example paperwork, sales, marketing, finance, production, purchasing, business law, getting supplies, maintaining equipment, monitoring quality, getting publicity, writing promotional materials, strategic thinking, communication, dealing with stakeholders, leadership, negotiation, decision-making, problem-solving and delegation.)
2. Your ability to deal with opportunities and threats. (For example, any changes in the market, new technologies, threats from competitors or meeting new laws and regulations.)
3. What ways you could improve your contribution to business success (for example, delegating work to others, recruiting more staff, training yourself and others).
4. How to judge your own performance.

Your skills

5. What information there is about your own skills and abilities.

Consultation

6. Why it is important to ask others for feedback. (For example family, funders, stakeholders, customers.)

7. How you can confirm the changes you have made in your personal performance, (For example qualifications, evidence of attendance at training and development sessions, and awards for excellence.)

Business focus

8. What information is available on the overall needs of your business.
9. What changes you are planning to your business that may need new skills or general management support (for example, growth, size reduction or tackling operation problems.)

Information and advice

10. Where to find help in assessing your performance. (For example from business associates, business advice centres, business advisers, mentors, counselors, specialist consultants, non-executive directors, accountants and other professionals.)

EVIDENCE REQUIREMENTS**(1) Critical Aspects of Evidence**

For your assessor to judge whether you have done all that is needed for this unit, you must show that you:

- Have done all the things in the performance criteria
- Know and understand everything in the knowledge and understanding section
- Have the proof that is described in the evidence requirements section

For a proposed new or existing business venture, evidence for this unit will focus on your assessment of the skills needed for your business, a review of your own skills, strengths and weaknesses in relation to the needs of the business and your plans for your own self development and how you will monitor your own performance.

(2) Methods of Assessment

1. An analysis of what skills are needed for your business and what you should be doing in your business.

This could be:

- The Human Resource section detailed in your Business Plan
- A completed checklist of skills and abilities you need for your business
- Job and task specifications for the roles in your business
- A statement of what you have considered and what you have decided you should be doing in your business

2. A review of your own skills and abilities, strengths and weaknesses and your assessment of the ways in which these may affect your business.

This could include:

- An analysis of your own skills and abilities, strengths and weaknesses
- A statement, or a record of a discussion with your assessor, describing all the information you have used to carry out your skills review, the judgements you have about yourself and your assessment of the ways in which this may affect your business

3. Your plans to improve your contribution to business success including your own self development and the way in which you will monitor and review your own performance.

This could include:

- Your personal development plan, either as a separate document or prepared as part of your business plan
- A statement, or notes of a discussion with your assessor, explaining the mechanisms you will use to monitor and review your performance
- Personal targets you have set for yourself and records of reviewing if they have been achieved
- Records of written or oral questioning initiated by your assessor.
- You cover all of the range

(3) Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.

U28103: Plan how you will sell your products or services

Unit Descriptor:

You must sell enough of your products or services to keep your business running. You need to understand your market to sell your products or services at a profit. You need to investigate how you sell your products or services to improve your sales. This information will help you to prepare plans that will aim to improve your profits.

The details of what you need to look at will depend on your type of business and the sort of customers you will be selling to. You also need to look at what your competitors are doing and think about innovative ways to win more business.

Who might do this:

You might do this if you are;

- Setting up a new business or social enterprise;
- Expanding your business or a social enterprise;
- Changing or adapting the products or services offered by your business or a social enterprise; and
- Reviewing how you sell your products or services.

What it involves:

Planning how you will sell your products or services involves:

- Finding out about and comparing different selling methods;
- Setting targets for sales and marketing; and
- Writing a sales and marketing plan.

ELEMENT**PERFORMANCE CRITERIA**

To be competent you must achieve the following:

1. Plan how you will sell your products or services
 - 1.1 Research the different ways to sell products or services.
 - 1.2 Work out how different selling methods may affect number of sales.
 - 1.3 Work out how many sales can be made.
 - 1.4 Work out when, how and where sales can be made.
 - 1.5 Make sure that your targets for sales match the targets you have set for your business.
 - 1.6 Write a **marketing plan** based on your investigation of the market and include the sales methods you will use.
 - 1.7 Decide a reasonable time to reach the sales targets.
 - 1.8 Prepare a detailed budget for sales and look at what effect achieving the **sales targets** will have on your business.
 - 1.9 Produce a complete marketing plan and include all the information to show how you have reached your decisions.
 - 1.10 Decide what things you would look for to see if your marketing plan was successful.
 - 1.11 Decide what information you will use to judge your sale performance.
 - 1.12 Decide how often you will review sales performance to see if you need to change any of your targets.
 - 1.13 Think about where things might differ from the plan, and think about how you would deal with this.

RANGE STATEMENT**A. Marketing Plan**

- (i) selling techniques
- (ii) target market
- (iii) market information
- (iv) performance analysis

B. Sales Targets

- (i) time factor
- (ii) quota of Sales

UNDERPINNING KNOWLEDGE AND SKILLS**Information about the market**

1. Ways of finding out the information you need and where to get it.
2. What has happened in the past in a sector.
3. The available methods of selling or providing a product or service.
4. Where to go for advice and help.
5. Who are my customers and competitors and in depth knowledge about my customers and competitors.

Sales targets

6. Why setting targets for sales is important.
7. How to set targets for sales which will include:
 - Sales volume;
 - Profit margins;
 - Cash flow;
 - Providing customer service;
 - Getting repeat business;
 - Product or service quality; and
 - Whether clients are creditworthy.

Marketing plans

8. Why market planning is important.
9. Ways of developing and presenting a plan.

10. What you should include in a marketing plan.

- What the market is.
- What customers need and want.
- How to reach the customers.
- The number of sales you aim to achieve and what the profit margin target is
- Who will be involved in selling. (For example current staff or new staff.)
- Forecasting sales by product or service and by each salesperson.
- How and where the product or service will be sold. (For examples wholesale, in shops, mail order or through the Internet.)
- What the cost of selling is.
- How sales will contribute to business success.

Sales performance

11. How to judge whether or not you are meeting sales targets.

12. How to include some flexibility in judging success, to take account of what happens.

13. How to set up your business to make sure that you can get information about sales easily.

14. How to identify the points at which business differs from the plan. (For example higher to lower sales figures, more or less demand from customers.)

EVIDENCE GUIDE

(1) Critical Aspects of Evidence

For your assessor to judge whether you have done all that is needed for this unit, you must show that you:

- Have done all the things in the performance criteria.
- Know and understand everything in knowledge and understanding section
- Have the proof that is described in the evidence requirements section
- Have covered all items in the range

For a proposed or new or an existing business venture, evidence for this unit will focus on your business plans, in particular your complete marketing plan. While carrying out research and working out the selling methods you will use you will be able to draw on market information you compiled for units 27803, *Check the likely success of a business idea* and 27503, *Achieve the goals for your business*. You will need to ensure that your complete sales and marketing plan supports and will enable to achieve the targets you have set for your business.

(2) Methods of Assessment

1. A statement, or a record of a discussion with your assessor, in which you describe the information you have considered, and explain your rationale for the sales methods you have selected.

This could include:

- Sections of your business plan in which you describe your market and set out your sales strategy
- Records of market research compiled for units 27803 and 27503
- Records of any further market research you have undertaken

2. Your complete sales and marketing plan.

This could include:

- The sales and marketing plan included in your business plan
- Supporting information to show how you have reached your decisions
- A detailed budget setting out the cost of achieving sales

3. A statement, or a record of a discussion with your assessor, in which you set out how you will get sales information, measure the success of your sales and marketing plan, judge your sales performance and review targets.

This could include:

- Information on your business systems for recording and reporting sales
- Measurable results such as sales and gross margin targets

- Factors that may result in sales differing from plan and how you will identify and respond to these
4. In addition to the proof details above assessors will wish to confirm that you know and understand everything in the section “What you need to know and understand”

To support or fill gaps in the evidence you have presented as proof of your competence further evidence may be required as follows:

- Records of written or oral questioning initiated by your assessor
- Records of a discussion with your assessor regarding aspects of your knowledge and understanding
- Further written statements to be provided by you to prove your knowledge and understanding.

(3) Context of Assessment

The unit should be assessed using evidence from the workplace. Simulation is **not** allowed.