



Business Start-up

ABE unit code	3UBS
Ofqual code	L/615/0061
Unit type	Mandatory
Level	3
Credits	36
GLH	240
Assessment method	Assignment

For success in today's business environment, the skills and capabilities needed have changed significantly from those required even five years ago. With constantly changing aims and goals in business, the way in which we achieve success is also different. For many employees, these changes will affect their career path and progression.

The influence of technology, globalisation, and environmental issues mean that, in order to be successful and to progress in a career, the skills of the modern professional need to be relevant and adaptable, to cope with a new way of working.

This unit develops skills for the modern business professional, who is looking to progress, and for newly employed staff starting their career in business.

For new entrants into employment, it introduces them to an understanding of how businesses are run and how to contribute to that success.

For experienced employees, this unit will refresh, update, and introduce modern concepts of working to improve their skills. The programme focuses on the key capabilities required for you to work in a way that adds value to their organisation by developing practical working skills. The elements of learning enable you to develop these skills. Application of these skills is encouraged in suggested activities and formative assessments.

The structure leads you through an introduction to the modern business environment and how they work within it. It encompasses practical skills, knowledge, and guidance on how to focus on working methods to improve capabilities

This unit has a particular focus on how the employee can become an asset to an organisation by looking at the role of the employee, how employees fit in within an organisation and how they can add value to their role. It therefore supports new employees, those already working, and those seeking to change jobs or gain promotion and need to understand contemporary working methods.

What you'll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes The learner will:	Assessment Criteria The learner can:	Weighting
Element 1 - Analyse entrepreneurial and market potential		
1. Produce a plan to develop the entrepreneurial skills and attributes required to support a successful business venture	1.1 Explain the entrepreneur's role in relation to business start-up success 1.2 Produce a personal development plan to enhance personal performance and support a successful business start-up	20%
2. Identify information sources to produce a business plan and inform an external market analysis	2.1 Explain the purpose and benefit of the business plan for a business start-up 2.2 Explain how to gather information to make informed business decisions	20%
3. Explain the importance of the external environment and its potential impact on business success	3.1 Describe the PESTEL stages of the macro environment, relevant to a business start-up 3.2 Outline the dimensions of a market analysis for business planning and its importance for a business start-up 3.3 Describe the characteristics of the competitive environment and the level of competition in an industry using Porter's Five Forces Analysis 3.4 Describe stakeholders, their importance and impact on the business start-up	60%

Learning Outcomes The learner will:	Assessment Criteria The learner can:	Weighting
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Element 2 – Build the business idea

4. Describe how the business idea is unique from both customer and competitor perspectives	4.1 State how the business idea is different to and/or better than competitor offerings to enhance the probability of success for the start-up 4.2 Identify potential customers that may respond positively to the business idea 4.3 Develop a Unique Selling Proposition (USP) to differentiate the product/service from its competitors and communicate the benefit(s) for customers	40%
5. Analyse the business idea to support and inform the business plan	5.1 Explain the role of market analysis in business planning the business start-up and how it feeds into the SWOT analysis (5.2) 5.2 Analyse the strengths, weaknesses, opportunities and threats for the business start-up	40%
6. Produce measurable business objectives to provide focus and direction for a business start-up	6.1 Describe the purpose and content of business objectives to ensure appropriate performance for the business start-up 6.2 Develop objectives to enable business performance to be monitored	20%

Element 3 – Develop the market approach

7. Describe and improve the business idea using the marketing mix	7.1 Explain the role of marketing for a business 7.2 Define each element of the marketing mix and how it could contribute to customer satisfaction	60%
8. Define and position the Unique Selling Proposition (USP) to build the business identity and influence customer perceptions	8.1 Produce a perceptual map to identify the position for a start-up	10%
9. Develop a sales pitch that an entrepreneur could use to drive sales or encourage investment in the start-up	9.1 Develop a convincing pitch to attract potential investors' attention and generate further interest or action for the start-up 9.2 Explain the skills involved in communicating the USP and persuading potential customers to purchase	30%

Learning Outcomes The learner will:	Assessment Criteria The learner can:	Weighting
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Element 4 – Plan the operations

10. Identify local legal structures and regulations relevant to a business start-up	10.1 Identify a suitable legal structure for a new business 10.2 Identify relevant local regulations for a start-up to ensure it operates within the law	30%
11. Describe the local requirements and resources required to enable a start-up to provide its products/services	11.1 Identify the physical resources and the related costs for a business start-up 11.2 Identify the human resources and the related costs for a business start-up	30%
12. Explain how the business will operate at launch and on an ongoing basis	12.1 Describe the activities to support a successful start-up launch 12.2 Describe business functions and activities to assist in managing the business on a day-to-day basis	40%

Element 5 – Plan the budget

13. Produce financial forecasts and budgets to assist in sourcing finances and inform the business plan for a start-up	13.1 Explain the purpose and benefits of producing accurate financial records for start-up and ongoing management of a business 13.2 Explain the financial and legal responsibilities and liabilities that a business and its director(s)/owner(s) must fulfil to comply with legal requirements 13.3 Prepare financial documents to meet requirements and inform the business plan 13.4 Identify potential sources of finance for the start-up, and the relative costs and terms	60%
14. Produce an operating budget for managing the day-to-day business using financial information to manage performance and spot the potential for failure.	14.1 Set up a day-to-day operating budget that allows for the management of cash flow and daily operational requirements 14.2 Describe the requirements for maintaining up to date accounting records to help the day to day operation of the business	40%

Learning Outcomes The learner will:	Assessment Criteria The learner can:	Weighting
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Element 6 – Create the business plan and pitch

15. Prepare a business plan that can be used to secure funding and assist the entrepreneur in the ongoing management of the business (Weighting 50%)	15.1 Produce a business plan to generate funding and to drive start-up success	50%
16. Prepare a pitch that delivers key information and drives potential investors to explore the start-up in further depth	16.1 Prepare a pitch that could be used to stimulate interest from potential investors	30%
17. Reflect on the process of developing a business plan and pitch as part of the entrepreneur's personal development (developed in Element 2) in order to identify areas for further development to support the business start-up's success	17.1 Review the business plan and pitch to improve approach, structure and content 17.2 Review the PDP (developed in Element 1) to highlight successes and areas for further development 17.3 Produce an updated PDP to continue to improve personal performance and to build entrepreneurial skills to drive and develop a successful business start-up	20%

Capabilities

Alongside academic learning and development, ABE qualifications have been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills, and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills, and attitudes that you will develop through this unit:

Element of learning	Key capabilities developed
Element 1 - Analyse entrepreneurial and market potential	Ability to assess the marketing environment and how it impacts and influences your business idea Ability to assess your own capability against the needs of the proposed business venture
Element 2 - Build the business idea	Ability to scope and refine a business idea – what it might look like, feel like, act like and be like and the ability to research the market to make sure the business idea is of interest to your customers
Element 3 - Developing the marketing approach	Ability to build the unique selling proposition, to know who the customer and market is and how to approach them Ability to create the scope of the product and/or service and the ability to price it, promote it, sell it and service it whilst building brand recognition
Element 4 - Plan the operations	Ability to identify the need for the right legal set-up for the new business venture, while identifying the right people, operational processes and resources for the new business start-up
Element 5 - Plan the budget	Ability to develop a funding and operational budget for the new business start-up, including a daily cash flow along with setting key business performance indicators to monitor performance
Element 6 - Create the business plan and pitch	Ability to develop a business plan that incorporates all of the above Ability to pitch and present effectively for business funding from a range of sources

Localisation

It is very important when studying for your ABE qualification that you consider your local business environment and try to apply what you are learning to relevant scenarios in your local business context. Doing this will help you to put your learning into practice and use it in your professional day-to-day activities.

Learners should take into account the following when preparing their business plan which is ultimately submitted for assessment:

- Local culture, identity and the local environment and how it impacts the business
- Local social and community agendas
- Local legal and taxation arrangements
- Local funding opportunities
- Local business rules and regulations
- Local employment rules, regulations and legislation
- Local currency various and fluctuations

Indicative Content

1. Produce a plan to develop the entrepreneurial skills and attributes required to support a successful business venture

1.1 Explain the entrepreneur's role in relation to business start-up success

- Definitions of entrepreneurship and required skills, attributes and characteristics
- Examples of successful entrepreneurs and business start-ups
- Recognition that innovation alone does not ensure business success
- Risks of being an entrepreneur/running a business start-up

1.2 Produce a personal development plan to enhance personal performance and support a successful business start-up Barter and grey economies

- Benchmark personal skills, attributes and characteristics against those of successful entrepreneurs
- Personal development planning approaches including skill analysis, goals, actions, time scale and success criteria, which you will apply to develop your business plan

2. Identify information sources to produce a business plan and inform an external market analysis

2.1 Explain the purpose and benefit of the business plan for a business start-up

- Define business direction and focus for the short, medium and long-term
- Business operations and finances; securing funding
- Measures and milestones
- Decision making – ensuring objectivity and accountability; risk of emotional decision making and ensuring objectivity and accountability

2.2 Explain how to gather information to make informed business decisions Centralisation versus decentralisation

- Primary research (concept testing, market testing, survey, interviews, focus groups)
- The importance of quantitative and qualitative data
- Sources of secondary information; macroenvironmental: industry, consumer, and business-to-business (B2B) information

3. Explain the importance of the external environment and its potential impact on business success

3.1 Describe the PESTEL stages of the macro environment, relevant to a business start-up

- The political/legal environment including data relevant to a business start-up such as laws and regulations, tax rates and incentives, and available funds and grants
- The economic environment including the business cycle stage, interest rates, inflation rates and labour costs
- The social environment which is relevant to and likely to affect your business start-up such as demographic data and trends
- The technological environment and recent developments
- Environmental factors that create or potentially influence your business idea

3.2 Outline the dimensions of a market analysis for business planning and its importance for a business start-up

- David A Aaker's dimensions of market analysis: market size and growth rate, profitability, cost structure, distribution channels, market trends and key success factors

3.3 Describe the characteristics of the competitive environment and the level of competition in an industry using Porter's Five Forces Analysis

- Threat of new entrants, bargaining power of buyers, bargaining power of suppliers, threat and sources of substitutes, rivalry among existing competitors
- Competitor identification both direct (competitors that offer similar products/services) and indirect (competitors that offer different products/ services to satisfy the same customer needs)
- Market characteristics

3.4 Describe stakeholders, their importance and impact on the business start-up

- The importance and impact of the stakeholder environment
- Internal and external stakeholder identification
- Stakeholder analysis, the Mendelow matrix: the dimensions of power and interest

4. Describe how the business idea is unique from both customer and competitor perspectives

4.1 State how the business idea is different to and/or better than competitor offerings to enhance the probability of success for the start-up

- Describe the business idea in detail: What will be sold – a product, a service or both? How will it/they be sold? Additional services that will be offered?
- Identification of areas where the business idea is the same, better or weaker than competitors
- Refine the business idea to produce a business concept statement
- Role of patents, copyright and trademarks

4.2 Identify potential customers that may respond positively to the business idea

- Approaches to market segmentation: business-to-consumer (B2C) and business-to-business (B2B) bases
- Select, scope and define target segment(s), the customer profile: their characteristics, the size of the segment and level of demand

4.3 Develop a Unique Selling Proposition (USP) to differentiate the product/service from its competitors and communicate the benefit(s) for customers

- The purpose, definition and examples of a USP
- Use the primary research to gather feedback from potential customers
- Refining the product/service idea further, why it's better than the competition
- Develop the product/service USP

5. Analyse the business idea to support and inform the business plan

5.1 Explain the role of market analysis in business planning the business start-up and how it feeds into the SWOT analysis (5.2)

- Informing the overall business planning and strategy cycle
- Risk assessment and mitigation
- Market opportunity

5.2 Analyse the strengths, weaknesses, opportunities and threats for the business start-up Setting standards

- Opportunity and threat identification: information from the market analysis, competitive environment and macro environment
- Exploiting strengths and seizing opportunities
- Opportunities with high potential and/or any market gaps that could be exploited
- Strengths and weaknesses identification: information from the Personal Development Plan (PDP) and results of primary customer research

6. Produce measurable business objectives to provide focus and direction for a business start-up

6.1 Describe the purpose and content of business objectives to ensure appropriate performance for the business start-up

- Financial objectives: turnover, profitability, growth, costs
- Non-financial objectives: personal (drive, ambition, motivation), lifestyle (time, freedom, pursuit of an interest or talent), social (giving back, helping others, philanthropy)

6.2 Develop objectives to enable business performance to be monitored

- Specific, measurable, achievable, realistic, time-based (SMART) objectives
- Short, medium and long term objectives for start-up plan
- Critical Success Factors (CSFs) identification for the business
- Key Performance Indicators (KPIs); financial and non-financial
- Performance measures and key milestones for financial objectives and non-financial objectives at start-up

7. Describe and improve the business idea using the marketing mix

7.1 Explain the role of marketing for a business

- Definitions of marketing and key principles
- Marketing orientation and examples of marketing orientated companies
- The importance of customer acquisition and retention

7.2 Define each element of the marketing mix and how it could contribute to customer satisfaction

- Product: name, brand, features, range of products/services
- Price: what the customer will pay, competitor pricing, cost to the business
- Place: level of distribution, direct or indirect distribution, channel intermediaries.
- Promotion: traditional and digital approaches – 4 Cs of Digital marketing: customer value, costs, communications, convenience
- People: training and motivation, excellent customer service
- Process: ease of doing business, the customer experience.
- Physical evidence: branding; logo, marketing collateral, website, uniform

8. Define and position the Unique Selling Proposition (USP) to build the business identity and influence customer perceptions

8.1 Produce a perceptual map to identify the position for a start-up

- Perceptual maps and the importance of customer perception
- The attributes that customers consider when comparing products in a market
- Use a perceptual map to identify the position for a start-up idea in relation to competitors

9. Develop a sales pitch that an entrepreneur could use to drive sales or encourage investment in the start-up

9.1 Develop a convincing pitch to attract potential investors' attention and generate further interest or action for the start-up

- The concept of pitching for funding
- Structuring a pitch, including ROI; growth; market; competitors; business focus; business benefits
- Creation of an effective pitch

9.2 Explain the skills involved in communicating the USP and persuading potential customers to purchase

- Definitions of persuasiveness and its importance for the entrepreneur
- The skill of using effective words, voice and non-verbal language to:
 - Deliver an effective sales pitch
 - Persuading potential customers to purchase
 - Communicate the USP and the customer benefits

10. Identify local legal structures and regulations relevant to a business start-up

10.1 Identify a suitable legal structure for a new business

- Advantages and disadvantages of alternative local legal structures: sole trader/ proprietorships, partnership, limited liability company, limited liability partnership; licensing; franchising
- The legal responsibilities of each structure within the country of operation: 'paperwork', taxes, personal responsibilities and liability

10.2 Identify relevant local regulations for a start-up to ensure it operates within the law

- Health and Safety legislation • Employment legislation
- Consumer protection legislation and trading standards

11. Describe the local requirements and resources required to enable a start-up to provide its products/services

11.1 Identify the physical resources and the related costs for a business start-up

- Premises: location and physical requirements and modifications required; buying and leasing considerations
- Plant, equipment and security: machinery, IT requirements, furniture; buying and leasing considerations
- Raw materials/stock
- Supplier identification and selection
- Contracting suppliers
- Insurance

11.2 Identify the human resources and the related costs for a business start-up

- Staffing requirements with details of both skills and staff numbers, job description preparation
- Recruitment options: advertising, word-of mouth, agency
- Employment costs: salary, insurance, pension obligations, sick pay, maternity/paternity pay/ rights, holiday pay
- On-boarding plans, e.g. inductions, training
- Ongoing day to day and performance management

12. Explain how the business will operate at launch and on an ongoing basis

12.1 Describe the activities to support a successful start-up launch

- The importance of stakeholder buy-in, building stakeholder relationships, securing support and networking
- Promotional activities and stimulating interest: public relations (PR), online communications, social media, and advertising
- Employee training and development

12.2 Describe business functions and activities to assist in managing the business on a day-to-day basis

- Roles and responsibilities and activities in the day-to-day business operation
- Customer experience and dealing with any complaints

13. Produce financial forecasts and budgets to assist in sourcing finances and inform the business plan for a start-up

13.1 Explain the purpose and benefits of producing accurate financial records for start-up and ongoing management of a business

- The difference between budgets and forecasts
- Researching and gathering accurate information to inform financial analysis and the challenge when a start-up does not have historical records
- Using financial information in a start-up business plan to generate funding

13.2 Explain the financial and legal responsibilities and liabilities that a business and its director(s)/owner(s) must fulfil to comply with legal requirements

- The obligations that are relevant to a company's legal structure
- The obligations for directors
- Business taxes
- Filing personal and company tax returns

13.3 Prepare financial documents to meet requirements and inform the business plan

- A market driven sales forecast: conservative and aggressive
- Start-up budget: identification of start-up costs: legal fees, insurance, fixed assets, stock, leasing costs etc.
- Break-even analysis; profitability – mark-up and margin; and profit forecast

13.4 Identify potential sources of finance for the start-up, and the relative costs and terms

- Equity finance: angel investors, venture capitalists, institutional investors, crowdfunding, community funding schemes/incentives etc.
- Debt finance: banks and other corporate lenders.
- Other sources: government schemes and grants, charity schemes, family and friends etc.

14. Produce an operating budget for managing the day-to-day business using financial information to manage performance and spot the potential for failure

14.1 Set up a day-to-day operating budget that allows for the management of cash flow and daily operational requirements

- An operating budget: identification of operating costs – fixed and variable
- A cash flow forecast for the first year of operation

14.2 Describe the requirements for maintaining up to date accounting records to help the day to day operation of the business

- A cash flow forecast for the first year of operation
- The content and purpose of the profit and loss statement and the balance sheet

15. Prepare a business plan that can be used to secure funding and assist the entrepreneur in the ongoing management of the business

15.1 Produce a business plan to generate funding and to drive start-up success

- The structure and content of the business plan
- Populate the business plan using objective data and information
- The importance of Critical Success Factors (CSFs) for the business
- Key Performance Indicators (KPIs); financial and non-financial

16. Prepare a pitch that delivers key information and drives potential investors to explore the start-up in further depth

16.1 Prepare a pitch that could be used to stimulate interest from potential investors

- Pitching verbally: selling the entrepreneur and the business concept, summarising the business plan, influencing others positively, persuading others that the business plan will succeed, generating additional interest
- Designing and structuring a pitch: know the audience, be focused and provide hard facts, deliver the message, use of presentation slides and/or aids

17. Reflect on the process of developing a business plan and pitch as part of the entrepreneur's personal development (developed in Element 2) in order to identify areas for further development to support the business start-up's success

17.1 Review the business plan and pitch to improve approach, structure and content

- Business plan review: content, data (correct, valid, current)
- Business pitch review: structure, content and communication skills

17.2 Review the PDP (developed in Element 1) to highlight successes and areas for further development

- The skills, attributes and characteristics that have been successfully developed and those where further development is necessary
- Additional skills that, through completing the units of this qualification, have been identified • Additional skills that will be required to successfully manage the start-up on an ongoing basis
- Updating the PDP including skill/knowledge identification, goals, actions, time scale and success criteria

17.3 Produce an updated PDP to continue to improve personal performance and to build entrepreneurial skills to drive and develop a successful business start-up

- Lifelong learning and development and why it's important
 - Reviewing the skills, attributes and characteristics that have been successfully developed and those where further development is necessary
 - Mentoring and coaching and its role in enhancing continued high performance
-