

Business Practice

Level 3

Information Pack

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Sample Paper 1

SERIES 3 EXAMINATION 2005

BUSINESS PRACTICE

THIRD LEVEL

(Code No: 3309)

THURSDAY 27 JUNE

Instructions to Candidates

- (a) *The time allowed for this examination is 2 hours 30 minutes.*
- (b) *Answer 4 questions.*
- (c) *All questions carry equal marks.*
- (d) *Candidates are advised to spend the first 15 minutes of the examination reading through the questions and making appropriate notes.*
- (e) *Write clearly using appropriate business and commercial language.*
- (f) *The use of standard English dictionaries and cordless non-programmable calculators is permitted. Candidates whose first language is not English may use a bilingual dictionary.*

Scenario

For the purposes of this examination you are an employee of Athena House Group, a management consultancy firm providing a range of services to the business community.

QUESTION 1

Worldwide (Farming) International Ltd specialises in the shipping of foodstuffs throughout the world. The company is concerned about the recent poor publicity regarding the safety of certain foods and how this adverse publicity will impact upon its business.

Task: Draw up a briefing sheet for the management team of Worldwide (Farming) International Ltd showing clearly:

(a) the possible impact on the company of changes in market conditions (10 marks)

(b) how the marketing mix could be used to influence the level of consumer demand. (15 marks)

(Total 25 marks)

QUESTION 2

Top Flight plc sells discounted air tickets via the Internet to business travellers. Due to the rapid growth in sales, the company is considering whether to establish an Administration Department which would support other functional areas within the organisation.

Athena House has been employed to write a report for the Board of Directors of Top Flight plc which will assist the company in formulating its views on this matter.

Task: Prepare a report for the Board of Directors of Top Flight plc identifying:

(a) why it is important to engage in business planning when considering major changes to business operations (10 marks)

(b) the range of activities undertaken by the Administration Department with specific reference to:

(i) communication systems and procedures within the company (5 marks)

(ii) management information (5 marks)

(iii) secretarial support. (5 marks)

(Total 25 marks)

QUESTION 3

The Athena House Group has developed a computer software package which can be used by small firms to effectively plan their business activities and monitor their finances. The company is planning to launch the new computer software at a series of promotional events held at the offices of the local Chamber of Commerce.

Task: Devise a briefing sheet which will accompany the promotional material sent out to prospective purchasers of the software. Your briefing sheet should include the following:

(a) an explanation, with appropriate examples, of **2** of the following financial terms: **gross profit, net profit, assets, liabilities, turnover** (5 marks)

(b) an explanation of break-even analysis and **2** ways in which it can assist the business organisation. (20 marks)

(Total 25 marks)

QUESTION 4

The Association of Human Resources and Development provides career guidance and advice for those people who are considering a career in personnel management.

The Association is working with Athena House to promote a campaign based around the theme 'In Business, People make a Difference'.

Task: Produce a fact sheet which will support the campaign highlighting the following areas:

- (a) why employees should be regarded as human resources (5 marks)
- (b) the benefits of multiskilling to the individual and the business (10 marks)
- (c) the main features of an effective staff training programme which covers all levels of staff within the business organisation. (10 marks)

(Total 25 marks)

QUESTION 5

The Personnel Department of Alfresco Ltd, a company which operates a chain of city centre coffee shops, has identified that there has been an increase in staff absenteeism and staff turnover during the last year.

Athena House was employed to conduct a series of interviews with staff and they have found that staff lack motivation in their jobs and are not committed to the company.

Task: Write a report to the Manager of the Personnel Department highlighting the following:

- (a) 5 practical ways in which staff motivation can be improved (10 marks)
- (b) how different management styles can influence the motivation and commitment of staff. (15 marks)

(Total 25 marks)

QUESTION 6

Complete Construction Ltd is a small building firm which specialises in supplying materials to the building and construction industry. The company plans to introduce a computerised system to replace its current paper-based system for both the ordering of stock and the processing of customer orders.

Athena House has been asked to prepare a report to identify how the company's plan could be implemented.

Task: Prepare a report for the Managing Director of Complete Construction Ltd highlighting the following areas:

- (a) the importance of management information to the business organisation (5 marks)
- (b) examples of the management information that could be generated from:
 - (i) a stock control system (5 marks)
 - (ii) processing customers' orders. (5 marks)
- (c) the advantages which the company could gain from the introduction of the proposed computer-based system. (10 marks)

(Total 25 marks)

Model Answers & Examiner's Report

Business Practice Level 3

Series 3 2005

GENERAL COMMENTS

The answers presented by most candidates in this examination indicated that they are becoming more familiar with the format and requirements of the examination. Credit for this rests with centre teaching staff who have obviously taken account of the recommendations made in previous Chief Examiner's Reports. It is also evident that increasing use is being made of the support material published by the Board including Model Answers, the Extended Syllabus and the accompanying How to Pass Business Practice Level 3 textbook.

Some excellent scripts were produced and an increasing number of candidates are being awarded Credit passes. Scripts produced by these candidates were characterised by:

- a sound knowledge and understanding of the subject matter
- use of relevant and up-to-date examples of contemporary business practices
- well structured answers directly related to the question
- good use of English including spelling, grammar and punctuation.

Notwithstanding these positive comments, there are a number of points which need to be addressed which would go some way to improving examination performance, particularly of marginal candidates. The main recommendations arising from this examination paper are as follows:

- Candidates should ensure that they take account of the format of the response required within the various tasks associated with each question. For example, a question that requires a response in the form of a Business Report should take the form of normal business conventions and include various sections, including any recommendations made by the candidate.
- Credit is given in the examination to those candidates who relate their responses directly to the scenario. In too many cases candidates ignore the scenario as well as the instructions identified within the specific tasks, choosing instead to write all they know about a topic rather than addressing what the question is specifically asking.
- The use of tables, diagrams and bullet points can enhance the quality of the scripts presented by candidates.

QUESTION 1

Model Answer to Question 1

- (a) (i) Prices in a competitive market are determined by demand and supply. Changes in the conditions of demand will influence the price of a particular product, in this case the specific foodstuffs that have been the subject of safety concerns.
- (ii) In such circumstances the actions of consumers will serve to reduce demand *regardless of the price* and such an action will result in lower market prices for the foodstuffs in question.
- (iii) A reduction in market demand results in less foodstuffs being shipped by the company leading to less business and a reduction in turnover.
- (iv) Less business also results in lower profit margins and the company may need to instigate efficiency savings in order to maintain profit levels. They might choose to consider reducing labour cost that may result in possible redundancies.
- (v) Worldwide (Farming) International Ltd may also come under pressure from the food producers as they too see their profit margins fall. As a result, they may seek to persuade Worldwide (Farming) Ltd to reduce their contract costs for shipping the foodstuffs, thereby putting greater pressure on profit margins.
- (vi) Organisations involved in the production and shipping of foodstuffs may consider re-structuring their business activities in order to switch to more profitable areas of business activity.
- (b) (i) Successful marketing involves a combination, or 'mix', of 4 critical elements:
- price
 - product
 - promotion
 - place
- (ii) Commonly referred to as 'the 4 p's', the marketing mix is used by business organisations as a management tool to monitor market conditions and adapt their marketing strategy in such a way as to meet sales targets.
- (iii) Worldwide (Farming) International Ltd and the producers of the foodstuffs in question, can use the components of the marketing mix to influence market demand in a number of ways:
- 1 Reduce price to increase demand. Worldwide (Farming) International is not a direct producer or manufacturer of foodstuffs. The impact of 'food scares' will therefore have an indirect impact on its business due to the reduction in volume of specific foodstuffs demanded in the global market. The company may offer special discounts on the distribution of other products in order to stimulate market demand. This may include giving discounts for bulk orders and special rates for repeat contracts.
 - 2 Organise publicity campaigns to alleviate consumer concerns over the safety of foodstuffs. For example, Worldwide (Farming) International could issue press releases and organise special promotions at trade fairs.
 - 3 Engage in a dialogue with the Government in order to obtain their support for the campaign. The Government has important economic and political links with international organisations throughout the world that it could use to influence the policies of other countries towards alleviating the concerns over food safety.
 - 4 Promote business networking activities with other organisations facing similar problems (farmers, suppliers, manufacturers, and distributors) in order that these activities can be co-ordinated on a national/international basis. Such networking activities could involve

identifying new markets on the basis of in-depth market research, mounting a vigorous advertising campaign which emphasises the quality and brand image of the foodstuffs and organising targeted marketing activities on the basis of disposable income and market segmentation.

- 5 A network of organisations could also employ specialist food scientists who may be able to provide technical advice and research that identifies the safety of foodstuffs in the face of consumer fears.

Examiner's Report on Question 1

This was a topical question providing candidates with the opportunity to show their understanding of the workings of the market in a practical setting. Unfortunately, far too many candidates did not relate their answers to the scenario presented in the case study, choosing instead to write a series of general comments on how the price mechanism operates.

Most candidates understood the impact of falling demand on profit levels but few candidates were able to identify how the business organisation could respond to such an outcome.

The second part of the question was generally well answered with most candidates able to describe in detail the role and importance of the marketing mix. However few candidates related the concept of the marketing mix to the specific problems faced by the business organisation identified in the scenario.

QUESTION 2

Model Answer to Question 2

REPORT PREPARED FOR THE BOARD OF DIRECTORS OF TOP FLIGHT PLC

1 Brief

- 1.1 To explain the importance of business planning.
- 1.2 To identify the activities undertaken by the administration function.

2 The importance of business planning

- 2.1 Business planning involves a systematic analysis of business operations, activities and structure in order to identify the long-term development plans of the business organisation.
- 2.2 A well-structured planning process will incorporate 3 inter-related plans:
 - 2.2.1 a strategic plan will identify the long-term goals and objectives of the organisation.
 - 2.2.2 an operational plan details how these long-term plans will be implemented during the period of the plan.
 - 2.2.3 an administrative plan details the business support needs which will need to be developed in order to ensure the successful implementation of the overall strategic plan.
- 2.3 If a business organisation does not engage in planning activities there is likely to be an adverse impact upon business performance for the following reasons:
 - 2.3.1 no control of business operations
 - 2.3.2 no understanding of market needs
 - 2.3.3 no targets established to monitor performance
 - 2.3.4 no quality standards established
 - 2.3.5 no financial performance indicators identified.
- 2.4 A business organisation planning to implement major changes to its business operations will require the following:
 - 2.4.1 up-to-date, accurate and reliable management information that will inform management decisions
 - 2.4.2 targets will need to be established which are based upon accurate research and information, presented in a format that promotes understanding
 - 2.4.3 effective communications between the functional areas within the business in order to co-ordinate the planning process
 - 2.4.4 monitoring systems will need to be established in order to assess business performance against the set targets
 - 2.4.5 consultation with key stakeholders such as individual employees, their managers/supervisors and staff teams will enable them to understand their contribution to the overall success of the business.

3 Activities undertaken by the Administration function

- 3.1 The administration function ensures that the business establishes systems and procedures that allow its activities to operate as smoothly as possible.
- 3.2 The administration function also has an important role to play in ensuring that systems are in place which promote effective and efficient communications throughout the business. Towards this end, the administration function can take the lead in establishing a communications strategy and monitoring its implementation. This will allow the administration function to ensure that systems are in place which support the needs of the other functional areas including:
 - 3.2.1 secretarial and administrative support
 - 3.2.2 production of management reports and other business communications
 - 3.2.3 arranging meetings including the distribution of agenda and minutes
 - 3.2.4 producing staff newsletters and other methods of communications which provide general information for staff.
- 3.3 The administration function should also ensure that systems and procedures are controlled and monitored in order to meet the changing needs of the organisation. As such, the function will be responsible for such areas as telecommunications, information technology, security and transport.
- 3.4 The administration function has an important role to play in ensuring that management information systems generate up-to-date and reliable information for managers. It will therefore be involved in drawing-up plans for the introduction, development and replacement of computer hardware and associated software packages.
- 3.5 The administration function will also ensure that the business has systems in place to meet its statutory duties and responsibilities including Health and Safety, the production of the Annual Report and any information that may be required by the government including the tax authorities.

4 Recommendations

- 4.1 Top Flight plc should establish a planning process that clearly identifies its long-term business goals and objectives.
- 4.2 The planning process should clearly identify the administrative support needs of the business and draw-up an administrative plan that will assist the implementation of the strategic plan.
- 4.3 The establishment of an Administrative Support Department would be an effective way of ensuring that the administrative plan was implemented.

Examiner's Report on Question 2

Answers to this question tended to be too general. In part (a) many candidates described in detail the components of a Business Plan when, in fact, the question required them to identify the importance of **business planning**. As a result their responses did not relate specifically to the scenario.

Part (b) required candidates to describe the various activities undertaken by the Administration function. The majority of candidates produced acceptable responses but some answers were rather vague and generalised.

QUESTION 3

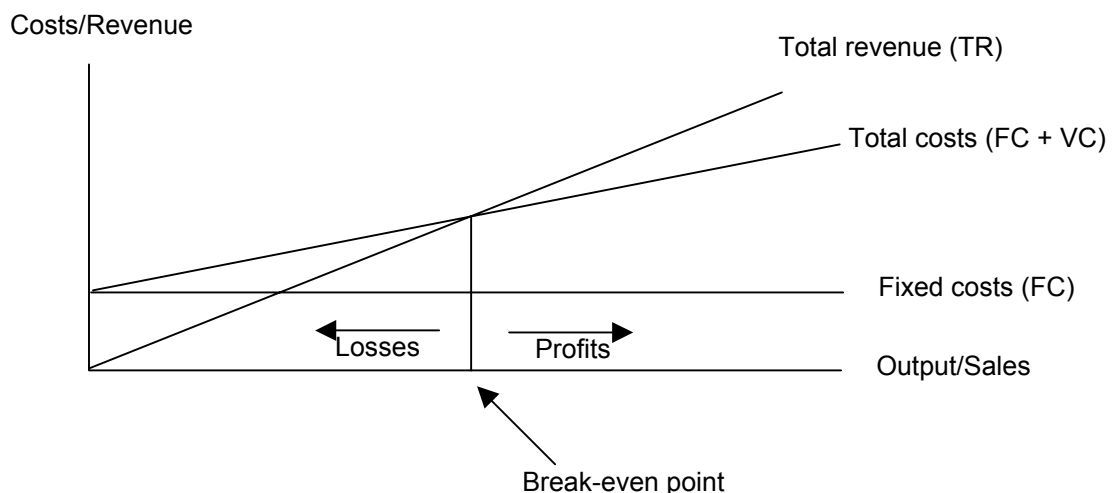
Model Answer to Question 3

(a) Financial terms

- (i) All business organisations involved in the buying and selling of goods and services require an efficient and effective finance function to enable them to monitor the performance of the business against its targets.
- (ii) The finance function is particularly concerned with the following indicators of business performance:
 - **Gross profit** – sales revenue minus the cost of those sales
 - **Net profit** – gross profit minus expenses
 - **Assets** – items or property owned by the business which have a money value
 - **Liabilities** – money owed by the business, ie business debts
 - **Turnover** – the value of a firm's sales (price x number of sales)

(b) Break-even analysis

- (i) Break-even analysis is a management tool which is used by management accountants to provide the business organisation with information regarding the inter-relationship between cost, price and profits/losses.
- (ii) Break-even analysis is based on the principle that costs can be classified as either fixed costs (FC) or variable costs (VC). Whereas fixed costs do not vary with output and therefore have to be paid regardless of the level of production, variable costs are directly related to levels of production and will rise or fall in relation to production levels.
- (iii) Total costs (TC) are equal to fixed costs plus variable costs.
- (iv) In order to calculate profit/loss at a particular level of sales, the business needs to calculate total revenue (TR) which is found by multiplying the total number of sales by the price, ie $TR = \text{sales} \times \text{price}$.
- (v) Calculating total costs and total revenue allows the business to determine the level of sales that will equate TC and TR – the so-called break-even point. Any sales below this level will result in losses and any sales above this level will result in profits.
- (vi) The break-even point can be illustrated in a graph format as shown below:



How break-even analysis can help the business

- (i) Effective business planning relies upon accurate management information in order to make decisions. Since all business activity involves making choices and taking risks, the better the quality of management information, the lower the risk of making the wrong or inappropriate business decision.
- (ii) Effective break-even analysis allows the business to make informed decisions regarding prices and those measures which will promote efficiency savings, ie the ways in which fixed/variable costs might be able to be reduced.
- (iii) Reductions in cost structure will lower the break-even point, ie profitable business activity will commence at a lower sales volume.
- (iv) Effective break-even analysis will be informed by market research that will identify consumer demand at different price levels. The marketing function could use this management information to draw up a marketing plan that seeks to increase market demand at the various price levels thereby influencing the break-even point.
- (v) Break-even analysis also allows the business to establish targets relating to sales and costs. For example, the business might choose to embark on an unprofitable product line in the short-term on the basis that, over time, if targets are met, it will move into profit – based upon information provided in the break-even analysis.
- (vi) Computer software designed to assist the small businesses to monitor their finances will allow them to engage in financial modelling, effectively using the computer software to determine the break-even point from a number of different costs, sales, outputs and prices.

Examiner's Report on Question 3

This was not a popular question. Those candidates who did attempt it sometimes did not follow instructions. In part (a) only **2** of the financial terms were required to be defined. Many candidates chose instead to define all five of the financial terms. Most candidates understood gross profit, net profit, assets and liabilities but only the better prepared candidates were able to define and explain sales turnover.

Break-even analysis was generally understood but many candidates were unable to relate the concept to the decision-making process within the business.

QUESTION 4

Model Answer to Question 4

- (a) (i) It is now generally accepted that employing staff is not simply a matter of paying wages and salaries. Employing staff should be seen as an investment in skills and that on-going investment in staff via staff training and development will bring 'investment returns' to the business.
- (ii) Investment in staff incorporates every aspect of company activity including:
- initial recruitment
 - ongoing training and development
 - consultation and 2-way communication
 - the involvement of staff teams in the quality systems operated by the company
 - career and promotion enhancement opportunities within the company which will serve to enhance retention rates in areas of skill shortage.
- (b) (i) One of the most important factors that can prevent a business organisation from achieving its targets and business goals is the shortage of skilled labour.
- (ii) One strategy which some organisations hope will alleviate the problem of this so-called 'skills gap' is to incorporate an element of 'multiskilling' into their staff training programme.
- (iii) Multiskilling provides staff with the opportunity of gaining new skills that are not directly related to the specific job for which they were employed thereby enabling them to acquire a range of skills which can be transferred to a number of job roles.
- (iv) This multiskilling approach to training recognises that the development of such 'transferable skills' will be of benefit to both the individual employee and the business organisation:
- Employees become more flexible, which means that the business can save time in recruiting new members of staff to the organisation
 - 'Bottlenecks' in production will be reduced or prevented as employees can be switched more easily into new job roles
 - Staff have more confidence in the business and the contribution which they can make to overall business performance
 - Individuals become more 'employable' and will be able to access a greater range of employment opportunities
 - Allows the business to feel more in introducing new technology into its operations and activities
 - Staff teams will have access to a broader range of skills that can be used to contribute towards meeting team targets
- (c) (i) In order for staff training to be effective it must relate to the planning process. Business planning allows the business the opportunity to identify its short-, medium- and long-term goals and objectives. These goals and objectives can then be subject to specific targets that will determine the organisation's resource requirements, including the skills required by its employees.
- (ii) A training needs analysis conducted as part of the planning process will enable the business to ascertain the current skill levels of staff and identify any 'skills gap' which may prevent the business from achieving the targets.
- (iii) It is therefore important that the training needs analysis covers all levels of staff within the organisation including managers, supervisors, operatives along with those involved in other specialist job functions.
- (iv) Staff training and the development needs of individual members of staff are best determined by a formal review conducted on a regular basis as part of the business organisations human resource strategy. In most organisations, this formal review takes the form of a staff

appraisal scheme that involves individual members of staff discussing their job roles and performance with their line manager. Such discussions can often identify staff training needs.

- (v) The staff training programme will be subject to regular reviews in order to ascertain its relevance and effectiveness in meeting company policies and to enable new priorities to be planned, developed and delivered.

Examiner's Report on Question 4

A popular question which produced some excellent responses from candidates, particularly in respect of the benefits of multiskilling to the individual and the business organisation. Better prepared candidates were able to identify the importance of staff training and development within the context of the planning process and the importance of target setting within a staff training programme.

The candidates who achieved Distinction grades were able to identify the importance of review and evaluation analysis at the completion of staff training programmes.

QUESTION 5

Model Answer to Question 5

Report to the Manager of the Personnel Department, Alfresco Ltd

Brief

- 1 To make practical suggestions regarding the motivation of staff
- 2 To show how management styles can influence the motivation of staff

(a) Practical Ways in which staff motivation can be improved

Staff motivation can be influenced in a number of ways and, in general terms, these can be classified in two main ways:

Financial motivational factors include those aspects which include monetary rewards.

Examples include:

- pay structure, including merit payments for positions of responsibility
- bonus schemes
- incentive schemes
- staff discounts

Non-financial motivational factors will be mainly concerned with such factors as working conditions, management styles, fringe benefits and workplace organisation. Examples include:

- delegation
- encouragement, praise and appreciation of employees by their managers
- empowerment of staff
- involvement in decision-making

(b) How management styles can influence the motivation and commitment of staff

- 1 It is generally accepted that three types of management styles can be identified within business organisations:
 - 1.1 an autocratic management style is associated with telling staff what to do and actively discouraging contributions and suggestion
 - 1.2 a consultative management style will actively encourage contributions from staff
 - 1.3 a participative management style will seek to ensure that staff have responsibility for making decisions.
- 2 Differences in organisational culture represented by business operations and practices, are usually associated with style of management practised within the business and the impact that this has on management-staff relations including the motivation and commitment of staff.
- 3 Most people like to be involved in those decisions which impact on their job roles and work activities and are therefore likely to support an organisational culture which is based upon consultative or participative management styles.
- 4 A business organisation which promotes participative or consultative management is likely to incorporate some of the following features:
 - team work
 - quality circles
 - emphasis on two-way communications
 - suggestion schemes
 - formal committees to promote participation
 - single status companies

Recommendations

- 1 The Personnel Department of Alfresco Ltd should undertake a thorough analysis of workplace organisation and practices.
- 2 The Personnel Manager should work with other senior managers within the organisation to determine a corporate management style best suited to promote consultation and participation of the workforce in a range of appropriate business decisions.

Examiner's Report on Question 5

Candidates were able to identify a wide range of practical strategies to improve staff motivation, including both financial and non financial elements.

The majority of candidates were able to describe the range of management styles exhibited within business organisations and were able to show the impact of such styles on staff motivation. In addition, many candidates were able to provide examples of those business practices usually associated with different styles of management. Candidates were given credit for showing the relationship between staff motivation and overall business performance.

QUESTION 6

Model Answer to Question 6

REPORT PREPARED FOR THE MANAGING DIRECTOR OF COMPLETE CONSTRUCTION LTD

1 Brief

- 1.1 To explain the role and importance of management information.
- 1.2 To identify the management information which can be delivered from specific business operations and functions.
- 1.3 To highlight the advantages of a computer-based management information system.

2 The role and importance of management information

- 2.1 Management information is the information derived from the processing of raw data that can assist those managers who are engaged in the decision-making process.
- 2.2 Management information is important since it can allow the business to:
 - 2.2.1 plan its activities
 - 2.2.2 monitor its targets
 - 2.2.3 evaluate its performance
 - 2.2.4 inform decisions regarding its future development
 - 2.2.5 co-ordinate the main business functions.

3 The management information derived from specific business activities and operations – ordering stock and processing customer orders

- 3.1 Management information can be derived from all activities that are undertaken by the business organisation. In terms of ordering stock and processing customer orders, a range of data is produced including:
 - 3.1.1 customer details – name, address, and telephone number
 - 3.1.2 credit terms – amount, payment period, and interest rate
 - 3.1.3 methods of payment – cash, cheque, credit card
 - 3.1.4 stock re-order levels
 - 3.1.5 delivery schedules – dates, days, times, frequency
 - 3.1.6 supplier details – name, address, telephone no, fax, and e-mail
 - 3.1.7 discounts available for suppliers – bulk purchases
 - 3.1.8 stock valuation
 - 3.1.9 financial records and budgets – financial and management accounting functions
 - 3.1.10 invoice reconciliation – identifies any outstanding invoices which have yet to be paid.
- 3.2 The management information derived from this data allows the management team to:
 - 3.2.1 produce up-to-date management account reports to managers regarding their budgets
 - 3.2.2 produce an up-to-date customer/supplier database
 - 3.3.3 set and monitor targets including those relating to sales, profits, and new business
 - 3.3.4 engage in market analysis, identifying trends from the monthly/annual sales figures based upon market segmentation and regional sales figures
 - 3.3.5 ensure that supplies are readily available to the consumer to meet the needs of current business projects
 - 3.3.6 monitor trends in business activity and performance in areas such as sales turnover, customer satisfaction, and completion rate of business projects.

4 Advantages of a computer-based management information system

4.1 The advantages of a computer-based management information system centre upon the speed, accuracy and efficiency of information which can be produced by the system in a variety of formats and how this information can be analysed and interrogated by the managers in order to make informed decisions concerning business operations and planning.

4.2 These advantages can be identified in a number of specific areas including:

- 4.2.1 automatic creation of management information from raw data
- 4.2.2 less paperwork and fewer opportunities for mistakes compared with paper-based
- 4.2.3 the quality, efficiency and effectiveness of business communications improve within the organisation
- 4.2.4 an efficient management information system can have a direct impact on corporate image and identity and the expectations of customers and suppliers
- 4.2.5 greater opportunities will exist for the development of e-commerce and e-business activities. This could incorporate automatic re-ordering systems which will eliminate time-delays associated with paper-based stock re-ordering systems
- 4.2.6 efficient identification and collection of business debts will improve cash flow within the organisation
- 4.2.7 the skills required to operate and manipulate a computerised management information system will lead to an overall improvement in the skill levels of both managers and their staff that may be useful in other areas of business activity
- 4.2.8 the production of computer-generated management reports can improve the level of co-ordination between the different functional areas within the organisation. Teams of managers representing different departments within the company can take important business decisions.

5 Recommendations

- 5.1 Complete Construction Ltd should undertake a needs analysis in order to ascertain its management information requirements in respect of stock ordering and control and customer orders.
- 5.2 Following the outcome of the needs analysis, Complete Construction Ltd should undertake research into the costs of installing a suitable computer-based system which best meets its needs within the available budget.

Examiner's Report on Question 6

This was a popular question that produced a number of excellent responses. Candidates were able to describe the importance of management information to the business and provided a comprehensive range of advantages associated with computerisation.

Some candidates struggled to identify the management information provided from a computerised stock control system, but most candidates understood the range of management information that could be generated from processing customers' orders.

Candidates achieving Distinction grades were able to show clearly the relationship between management information and the role and activities of the functional areas.

Extended Syllabus

Business Practice Level 3

Aims

The aims of this syllabus are to enable candidates to develop:

- a knowledge and general understanding of the nature of business activity
- an understanding of the influences on the business organisation and what the success factors of the business might be
- an understanding of the contribution which the individual can make to the success of the business organisation.

Assessment Objectives

The examination will assess the candidate's ability to:

- demonstrate a general understanding of the influences on the business organisation
- understand the importance of specialisation in a business context
- appreciate how business planning helps identify organisational aims and objectives.

Target Audience and Candidate Progression

This qualification is intended for candidates who are seeking to increase their awareness and understanding of contemporary business practices and organisation. It is expected that candidates from all the main functional areas represented within the business or those seeking to find employment in any of these areas will be able to develop their understanding of business activity and practices.

Successful candidates may go on to complete the LCCIEB Private Secretary's Diploma, Level 3 or the LCCIEB Diploma in Business Administration, Third Level.

Levels of English Required

Candidates should have a standard of English which enables them to make themselves understood in a business context and which is equivalent to LCCIEB English for Business Third Level.

Syllabus Topics

- 1 Influences on Business Activity
- 2 The Functions and Organisation of Business
- 3 Business Management
- 4 Personal Contribution to Business Effectiveness
- 5 Business Values and Culture
- 6 Communication in Business

Coverage of Syllabus Topics in Examinations

The examination will consist of one question from each topic area. Candidates may be expected to draw upon related syllabus topics when answering questions.

Examination Format

- The time allowance for the examination is 2 hours 30 minutes
- Candidates will be required to answer 4 questions from a choice of 6
- All questions carry equal marks
- Candidates are advised to spend the first 15 minutes of the examination reading the questions and making notes
- Marks are not deducted for spelling or grammatical errors
- Questions will be presented in the format of a business situation, problem or issue with a number of tasks to be completed
- Candidates will not be expected to have specialist knowledge of the syllabus topic areas. Interpretation of financial data will not be required.
- Candidates may choose to produce their answers on a word processor or computer. Please refer to regulations for word processed or computer produced scripts in the 'Guide to LCCIEB Examinations'.

Guided Learning Hours

LCCIEB recommends that 140-160 Guided Learning Hours (GLHs) provide a suitable course duration for an 'average' candidate at this level. This figure includes direct contact hours as well as other time when candidates' work is being supervised by teachers. Ultimately, however, it is the responsibility of training centres to determine the appropriate course duration based on their candidates' ability and level of existing knowledge. LCCIEB experience indicates that the number of GLHs can vary significantly from one training centre to another.

Candidate Answer Guidance

Answer Formats

Unless otherwise requested, candidates will be asked to provide answers in one or more of the following formats:

- fact sheets
- briefing sheets
- short reports
- short notes
- diagrams or charts
- bullet points
- essay style

Some questions may ask for relevant examples to be provided. Appropriate business language should be used and any relevant charts or diagrams should be properly labelled.

If requested to answer in the form of a report, candidates will need to structure their report with heading and sub-headings. The report should have at least three sections: an introduction, a main section and a conclusion. The introduction should indicate the purpose of the report and who the report is intended for. The main section should use a concise essay style, numbered points or bullet points. The report needs to finish with a conclusion, which should include candidate recommendations.

Candidate Performance Measurement

Pass Mark Information

Pass	50%
Credit	60%
Distinction	75%

Mark Allocation

A positive marking approach is used.

Recommended Reading List and Support Material

Title	Author(s)	Publisher	ISBN Code
How to Pass Business Practice, Third Level	Stephen Jakubowski	LCCIEB	1-86247-080-4

Support Material

Examiners' Reports and Model Answers and past questions papers can be purchased from the LCCIEB Customer Service Department.

Syllabus Topic	Items Covered
1 Influences on Business Activity	Candidates must be able to:
1.1 Purposes of business organisation	1.1.1 Identify the purposes of business organisations: <ul style="list-style-type: none"> • profit • growth • innovation • recognition • satisfaction of consumer/market demand • production • combining resources to meet market demand
1.2 Public and private sectors	1.2.1 Describe the differences between the public and private sectors
1.3 Business activity and opportunity cost	1.3.1 Describe what is meant by business activity and the importance of opportunity cost
1.4 How consumer spending patterns influence business activity	1.4.1 Explain how the pattern of consumer spending influences business activity
1.5 Factors which affect the size of firms	1.5.1 Describe how the following affects the and organisation of firms: <ul style="list-style-type: none"> • mergers • takeovers • different types of integration • internal economies and diseconomies of scale • external economies of scale
1.6 Importance of small firms	1.6.1 Explain why small firms are important
1.7 Role and importance of the financial sector	1.7.1 Describe the role and importance of the financial sector to business organisations and how they influence business activity: <ul style="list-style-type: none"> • commercial banks • merchant banks • insurance companies

1.8 Business insurance	<p>1.8.1 Explain different types of insurance which business organisations can take out:</p> <ul style="list-style-type: none"> • business interruption • liability insurances • key person insurance
1.9 Chambers of Commerce and business networks	<p>1.9.1 Describe the role and functions of Chambers of Commerce and business networks</p>
1.10 Influence of the Government on business	<p>1.10.1 Describe how and why the Government may seek to influence the activities of business organisations:</p> <ul style="list-style-type: none"> • Government expenditure • taxation policies • changes in interest rate • measures to promote international trade
1.11 The Global Market	<p>1.11.1 Explain what is meant by the term global market</p>
1.12 Economic indicators and their influence on business activity	<p>1.12.1 Explain the main economic indicators and how they can have an effect on business activity:</p> <ul style="list-style-type: none"> • standard of living • cost of living • national income • economic growth • inflation • exchange rates
2 The Functions and Organisation of Business	<p>Candidates must be able to:</p>
2.1 The main functional areas within business organisations	<p>2.1.1 Describe the main functional areas within organisations:</p> <ul style="list-style-type: none"> • personnel/human resources • production/operations • purchasing • finance/accounts • sales and marketing • administration • research and development

2.2 Objectives of the main functional areas	2.2.1 Identify the objectives associated with the main functional areas and the duties of principal staff
2.3 Organisation charts and the separation of responsibilities	2.3.1 Explain how organisation charts can aid understanding of specialisation and separation of responsibilities of staff
2.4 Advantages of specialisation	2.4.1 Describe the advantages of specialisation to the business organisations
2.5 Business functions in small and large organisations	2.5.1 Compare and contrast the organisation of business functions in small and large organisations
2.6 International business organisations	<p>2.6.1 Explain why an international organisation may need to organise itself in different ways as a result of:</p> <ul style="list-style-type: none"> • legal systems • Government policy • international communications needs
2.7 Major groups involved in the business organisation	<p>2.7.1 Identify the roles played by the major groups involved with the business organisation:</p> <ul style="list-style-type: none"> • shareholders • Board of Directors • managers • employees • customers and clients
2.8 Importance of new technology to the functional areas	2.8.1 Describe the importance of new technology to the main functional areas
3 Business Management	Candidates must be able to:
3.1 Business planning	3.1.1 Describe the purpose of business planning
3.2 The planning framework	<p>3.2.1 Describe the planning framework:</p> <ul style="list-style-type: none"> • role of mission statements • SWOT and PEST analysis • target setting • timescales

		<ul style="list-style-type: none"> • quality guidelines • resource implications • finance • reviewing and monitoring activity
3.3	Business plans	3.3.1 Describe the main components of a business plan
3.4	Strategic and operational plans	3.4.1 Describe the differences between a strategic plan and an operational plan
3.5	Strategic and operational management	3.5.1 Identify the differences between strategic and operational management
3.6	The functional areas and the strategic planning process	3.6.1 Identify the contributions made by the functional areas to the strategic planning process
3.7	Financial information	3.7.1 Explain why companies need financial information
3.8	Financial and management accounting	3.8.1 Distinguish between financial and management accounting and the contribution of each to the decision-making process
3.9	The trading and profit and loss account	3.9.1 Understand the purpose of the trading and profit and loss account
3.10	Financial terms	3.10.1 Describe key financial terms: <ul style="list-style-type: none"> • gross profit • net profit • depreciation • assets • liabilities • turnover • cash flow
3.11	Importance of management information	3.11.1 Describe the importance of management information as a means of controlling and monitoring business activity
4	Personal Contribution to Business Effectiveness	Candidates must be able to:
4.1	How business performance can be improved	4.1.1 Explain the ways in which business performance can be improved by: <ul style="list-style-type: none"> • target setting • customer service

		<ul style="list-style-type: none"> • maximising efficiency • multi-skilling of staff • training and development of staff • motivation of staff
4.2	How the individual can contribute to business performance	<p>4.2.1 Identify the ways in which the individual can contribute towards business performance:</p> <ul style="list-style-type: none"> • effective communications • knowledge of company and company products/services • customer service
4.3	Individual targets and performance	<p>4.3.1 Understand the importance of individual targets and performance</p>
4.4	How teamwork can contribute to business performance	<p>4.4.1 Describe the contribution teamwork can make to improving communication and overall business performance:</p> <ul style="list-style-type: none"> • commitment • innovation • quality • co-operation
5	Business Values and Culture	Candidates must be able to:
5.1	Business culture	<p>5.1.1 Describe how the following can influence an organisation's business culture:</p> <ul style="list-style-type: none"> • mission statements • corporate image • corporate identity • style of management

5.2 Different organisational cultures	5.2.1 Describe different organisational cultures: <ul style="list-style-type: none"> • consultative • participative • performance or goal driven
5.3 Internal and external clients	5.3.1 Understand what is meant by internal and external clients
5.4 How the business can seek to promote quality improvements	5.4.1 Describe the ways in which the business organisation can identify and seek to improve the quality of its systems, products and services: <ul style="list-style-type: none"> • survey standards and target setting • quality circles • staff appraisal • research and development • customer satisfaction surveys
6 Communication in Business	Candidates must be able to:
6.1 Forms and types of communication	6.1.1 Understand the different forms and types of communication and their advantages and disadvantages: <ul style="list-style-type: none"> • formal and informal • internal and external • verbal/written/other forms
6.2 Communication systems and business needs	6.2.1 Identify the criteria applied to determine the appropriateness of different communication systems to meet specific needs: <ul style="list-style-type: none"> • fitness for purpose • costs • perceptions • security
6.3 Impact of new technology on business communications	6.3.1 Understand the impact of new technology on internal and external communications: <ul style="list-style-type: none"> • to and from customers • between the functional areas • between individuals and teams • in multi-site and international organisations

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| 6.4 Effective communication and business goals | 6.4.1 Describe how effective communications can assist the achievement of business goals through information flows |
| 6.5 Business communications company objectives and business performance | 6.5.1 Analyse how communications can impact upon the understanding of company objectives and the affect they may have upon individual and team performance |
| 6.6 Administrative systems and procedures | 6.6.1 Understand the need for administrative systems and procedures and how they affect business communications |
| 6.7 IT and the development of business communications | 6.7.1 Understand the need for IT in the development of business communications: <ul style="list-style-type: none">• electronic mail/intranet• Internet• teleconferencing |

Sample Paper 2

SERIES 4 EXAMINATION 2004

BUSINESS PRACTICE

LEVEL 3

(Code No: 3309)

Instructions to Candidates

- (a) *The time allowed for this examination is 2 hours 30 minutes.*
- (b) *Answer 4 questions.*
- (c) *All questions carry equal marks.*
- (d) *Candidates are advised to spend the first 15 minutes of the examination reading through the questions and making appropriate notes.*
- (e) *Write clearly using appropriate business and commercial language.*
- (f) *The use of standard English dictionaries and cordless non-programmable calculators is permitted. Candidates whose first language is not English may use a bilingual dictionary.*

Scenario

For the purpose of this examination you are an employee of Athena House Group, a management consultancy firm providing a range of services to the business community.

- 1 The Confederation of Exporters represents the interests of business organisations involved in exporting goods abroad. It is planning to produce a series of fact sheets which can be used as part of a publicity campaign to promote its activities.

Athena House has been asked to contribute towards the production of the first fact sheet which will focus on the importance of international trade.

Task: Prepare a fact sheet which covers the following:

- (a) An explanation of the term **the global economy**. (10 marks)

- (b) The advantages of international trade. (15 marks)

(Total 25 marks)

- 2 The local branch of the Federation of Accountants wishes to recruit new members and has organised a conference at the offices of the Chamber of Commerce.

The theme of the conference will be to show how the finance function within an organisation benefits the other functional areas.

Athena House has been asked to help prepare some briefing papers for the conference.

Task: Prepare a briefing paper which covers the following aspects of the finance function:

- (a) Why managers need management information. (10 marks)

- (b) The main functions of a Finance Department showing clearly the differences between financial accounting and management accounting. (15 marks)

(Total 25 marks)

- 3 The local Chamber of Commerce wants to form a 'New Business Partnership Network' made up of specialist organisations such as banks, insurance companies and business consultants. The New Business Partnership Network would provide help and assistance to people who are starting up their own businesses.

Athena House is keen to join the new organisation and wishes to prepare a fact sheet on 'Business Planning and the Small Business'.

Task: Prepare the fact sheet concentrating on the following areas:

- (a) Why business planning is important. (5 marks)

- (b) The main sections included in a Business Plan, with examples. (10 marks)

- (c) **5** sources of finance which may be available to a small business. (10 marks)

(Total 25 marks)

- 4 Following a recent merger, the management team of The Bradbury Corporation is keen to organise employees into teams. It asks Athena House to present a series of seminars to junior managers to highlight the advantages of teamwork to the company and its employees.

Task: Prepare a set of briefing notes which can be used by the staff at Athena House who will lead the seminars. The briefing notes should include the following:

- (a) 2 activities in which a team could be involved. (5 marks)
- (b) A description of the role and functions of quality circles. (10 marks)
- (c) How teamwork can improve business performance. (10 marks)

(Total 25 marks)

- 5 Athena House Group will be represented at a business conference and will contribute to a series of discussion groups looking at factors which affect customer loyalty.

Task: Prepare a series of notes which you can refer to at the conference which highlight the following:

- (a) The meaning of the term **customer loyalty** and its importance to the business. (10 marks)
- (b) The importance of corporate image and corporate identity in establishing customer loyalty. (15 marks)

(Total 25 marks)

- 6 Bramley Foods Ltd, a manufacturer of processed foods, wishes to expand its product range and wishes to develop a marketing plan. It engages the services of Athena House to help the company devise the plan.

Task: Produce a report for the management team of Bramley Foods Ltd highlighting the following features of a marketing plan:

- (a) An explanation of the terms **the marketing mix** and **the product life cycle**. (10 marks)
- (b) 3 examples of how information technology can be used to communicate information from the marketing plan to the management team. (15 marks)

(Total 25 marks)