

### Qualification objective

The ABE Level 3 Certificate in Business Start-Up (QCF) is designed to equip learners to start their own small business.

Learners will develop the knowledge, understanding and skills associated with starting a small business. They will learn how to assess the feasibility of their business idea, research the market, raise finance, and produce a business plan. They will also be introduced to the key areas of managing a business, such as finance, customer relations, sales and marketing, and managing resource, and including developing an understanding of how they can be an effective resource for their business.

### Qualification recognition

The ABE Level 3 Certificate in Business Start-Up (QCF) is approved on the Qualifications and Credit Framework (QCF) and is regulated by the Office of Qualifications and Exams Regulation (Ofqual). The qualification number is 601/3525/6. This qualification is supported by SFEDI, the Standard Setting Body for enterprise in the UK.

### Qualification structure

This qualification consists of four mandatory units, each worth 6 QCF credits. Learners must achieve all these units, totalling 24 credits, in order to gain the qualification.

The units within this qualification are:

Unit reference no. (URN)	ABE unit ref	Unit title	Credit value
M/506/4599	3SBI	Understanding a business start-up idea	6
A/506/4654	3SFA	Understanding the functional areas of a business start-up	6
F/506/4655	3SMR	Managing resources for a business start-up	6
J/506/4656	3SBP	Preparing a business plan for a business start-up	6

### Progression opportunities

Learners who have successfully completed this level 3 qualification meet the entry criteria for the following ABE level 4 qualifications:

Qualification number	Qualification Title
500/8792/7	Level 4 Diploma in Business Management (QCF) <i>(includes Financial Management and Management of Information Systems pathways)</i>
600/8082/6	Level 4 Diploma in Business Start-Up and Entrepreneurship (QCF)
500/9614/X	Level 4 Diploma in Human Resource Management (QCF)
500/9773/8	Level 4 Diploma in Marketing Management (QCF)
500/9911/5	Level 4 Diploma in Travel, Tourism and Hospitality Management (QCF)

More details of all ABE level 4 qualifications can be found on the ABE website: [www.abeuk.com](http://www.abeuk.com).

ABE has progression agreements with over 80 Universities worldwide, providing a cost-effective route to a Bachelors or Masters degree. Learners who complete an ABE level 4 qualification may choose to take advantage of this option to begin a University degree, or they may continue to study higher level ABE qualifications which provide access to the second or final year of a Bachelors degree.

### 3SBI Understanding a business start-up idea

**Unit title:** Understanding a business start-up idea

**ABE unit code:** 3SBI

**Unit Reference Number:** M/506/4599

**Unit level:** QCF Level 3

**Credit value:** 6 credits

**Guided learning hours:** 30

**Unit review date:** 31 August 2016

**Purpose and aim of unit:**

This unit will develop the learner's knowledge and understanding of business start-ups in a dynamic and changing environment. The learner will also develop the analytical skills required to evaluate and to develop a business idea.

**This unit is suitable for persons who are seeking to:**

- start their own business
- develop their knowledge and understanding of the key considerations and issues affecting a business start-up.

**Assessment method:**

This unit will be assessed by a written examination which will be set and marked by ABE.

<b>Learning Outcomes</b> <i>The learner will:</i>	<b>Assessment Criteria</b> <i>The learner can:</i>
1. Understand the key considerations for a business start-up idea	1.1 Analyse <b>personal skills and attributes</b> in relation to a business start-up  1.2 Explain the importance of <b>stakeholders</b> when starting a small business  1.3 Identify <b>success and risk factors</b> in a business start-up  1.4 Evaluate the feasibility of a <b>business idea</b>
2. Know how to assess the environment of a business start-up	2.1 Analyse the <b>external and market environment</b> for a business start-up idea  2.2 Identify the <b>legal structures and regulations</b> relevant to business start-up  2.3 Compare and contrast different <b>business models</b> for a business start-up

## **Indicative content:**

### **Learning Outcome 1: Understand the key considerations for a business start-up idea**

#### **Personal skills and attributes**

Able to undertake realistic assessment of skills and knowledge relative to those required for starting a business. Typical indicative characteristics of those engaged in business start-up include personal qualities and skills (e.g. emotional resilience/stress management; influencing & persuading; interpersonal skills), and business skills (e.g. communication; selling & marketing; finance; management, time and organisational management).

Skills gaps identified and how to improve them. May use diagnostic tools eg Myers-Briggs Type Indicator.

#### **Stakeholders**

Prospective customers: Attracting, developing and retaining customers; understanding the behaviour of customers, e.g. buying motives.

Prospective suppliers: Sourcing products and services.

Prospective investors or shareholders: Those who have invested in the business or may do in the future.

#### **Success factors**

These may include:

- Enterprising skills.
- Sufficient financing, networks and support.
- The business idea itself and the market for it having necessary growth potential. Does it have USP, brand, differentiation.
- Commercialisation of the product or service. Suitable financial model.
- Experience in relevant market.
- Threshold and core competences; threshold and unique resources; market position.
- Effective planning and research.

#### **Risk factors**

These may include:

- Inaccurate forecasting or unsuitable financial model.
- Delays in start-up.
- Competitor response.
- Skills gaps or weaknesses, or lack of suitable resources.
- Over and under trading.
- Poor quality product or service.
- Operational inefficiencies.
- Inadequate planning and research.
- Taking unnecessary risks/lack of contingency planning.

#### **Business Idea**

Define the idea, i.e. a description of the product or service; indication of why it will sell and identification of potential customers; estimation of the approximate price; how it will sell, e.g. through shops, online etc.

Analyse and evaluate the idea e.g. conducting market research to confirm gaps in the market and level of demand; financial modelling, SWOT.

Develop the idea into the business plan.

### **Learning Outcome 2: Know how to assess the environment of a business start-up**

## **External and Market environment**

Research methods for business: e.g. desk research; questionnaires; interviewing customers; market information sources.

The importance of good sources of information: e.g. potential customers; market size; market structure; market share; competition; market trends: growing, static or declining.

Market environment assessment:

- PEST analysis.
- Business environmental changes and influences.
- Market analysis and developments.
- Porter's 5 Forces.
- Market attractiveness.
- Supply chain.
- Opportunities and threats.

## **Legal structures and regulations**

For example, operating as a sole trader; partnerships; Limited Liability Company etc. The advantages and disadvantages of each structure.

Legal obligations (e.g. consumer legislation, patent and intellectual property legislation, health and safety legislation, employer responsibilities) and tax obligations (e.g. VAT, Income Tax, National Insurance, where applicable).

## **Business models**

Generic strategies and types e.g. franchising; licensing; service and/or manufacturing; industry specific quality standards/processes.

Consider key partners; key activities; value propositions; customer relationships; key resources; customer segments; channels; cost structure; revenue streams; what the business will be driven by (i.e. product, service, market or business model). Product-driven; service-driven; market-driven or business model-driven.

## **Recommended text:**

- Entrepreneurship & Small Business (3<sup>rd</sup> Edition) by P. Burns (2011). ISBN 978-0230247802

## **Supplementary reading:**

- The Small business Start-Up Workbook: A step-by-step guide to starting the business you've dreamed of by C. Rickman and A. Roddick (2005). ISBN 978-1845280383.
- Start your business in 7 Days by J. Caan (2013). ISBN 978-0670920655.
- 43 Mistakes Businesses Make and How to Avoid Them by D. Bannatyne (2011). ISBN 978-0755362264.
- New Product Development for Dummies by R. Karol (2007). ISBN 978-0470117705.
- FT Essential Guides – Developing a Business Strategy by V. Evans (2011). Available from:  
<http://www.ft.com/pearsonoffer/>.

## **Other resources:**

- Business Model Canvas. Available from:  
[http://www.businessmodelgeneration.com/downloads/business\\_model\\_canvas\\_poster.pdf](http://www.businessmodelgeneration.com/downloads/business_model_canvas_poster.pdf).
- Business Support, Future Business. Available from:  
<http://www.futurebusiness.co.uk/businesssupport/>.
- Starting your own business, UK Government website. Available from:  
<https://www.gov.uk/starting-up-a-business>.

- Integrating intelligence and intuition Innovation Excellence by K. Gershoni. Available from: <http://www.innovationexcellence.com/blog/2014/06/11/integrating-intelligence-and-intuition/>.

### 3SFA Understanding the functional areas of a business start-up

**Unit title:** Understanding the functional areas of a business start-up

**ABE unit code:** 3SFA

**Unit Reference Number:** A/506/4654

**Unit level:** QCF Level 3

**Credit value:** 6 Credits

**Guided learning hours:** 30

**Unit review date:** 31 August 2016

**Purpose and aim of unit:**

The unit will develop the learner's knowledge and understanding of the core functional areas of a business start-up including finance; sales & marketing and customer relations; and how to manage key financial processes in a small business.

**This unit is suitable for persons who are seeking to:**

- start their own business
- develop their knowledge and understanding of the core functional areas of a small business start-up.

**Assessment method:**

This unit will be assessed by a written examination which will be set and marked by ABE.

<b>Learning Outcomes</b> <i>The learner will:</i>	<b>Assessment Criteria</b> <i>The learner can:</i>
1 Understand the functions in a small business start-up	1.1 Identify the <b>business functions</b> which contribute to the operation of a small business start-up  1.2 Explain the <b>principles of sales &amp; marketing</b> for a small business start-up  1.3 Explain the importance of <b>customer relations</b> and networking in a business start-up  1.4 Explain the <b>key business finance terms</b>
2 Know how to manage financial processes in a business start-up	2.1 Prepare a <b>cash flow forecast</b> for a business idea  2.2 Record <b>financial transactions</b> for a small business  2.3 Interpret <b>financial information</b> for business decisions

## Indicative content:

### **Learning Outcome 1: Understand the functions in a small business start-up**

#### **Business functions**

May include: finance; operations; customer services and support; IT; marketing and sales; business development; legal; human resources.

#### **Principles of sales & marketing**

Market research: gaining an understanding of the market, both customer and competition; market segment identification.

Marketing mix: 7 Ps, developing a cohesive marketing strategy using the different elements of the marketing mix:

- *Product*: benefits versus features of product or service.
- *Price*: pricing strategies e.g. skimming, mark-up and cost plus.
- *Place*: physical presence, online strategy.
- *Promotion*: Visual marketing, digital/internet marketing. Techniques include above and below the line; personal selling (AIDA principles) and public relations; selling and sales; referrals; market; sales and product orientation.
- *People*: culture; customer service; employees.
- *Process*: service delivery; complaints; response time.
- *Physical evidence*: e.g. user stories.

#### **Customer relations**

Maintaining good customer relationships; setting standards; rewarding loyalty; managing communications; networking; building trust and being transparent. A customer service plan may include initial contact; information flow; delivery; after-sales support and problem solving.

#### **Key business finance terms**

The definition and explanation of terms:

- Revenues, gross and net profit.
- Cash flow, cash balances, cash budget.
- Capital and working capital.
- Fixed costs and variable costs.
- Balance sheet, break-even point.
- Expenses and overheads.
- Credit control.
- Forecasts (profit and loss, cash flow)
- Business accounts.
- Financial Management accounts.
- Overdrafts.
- Return on investment (ROI).
- Stock control.
- Invoices.
- VAT or other government taxes.

### **Learning Outcome 2: Know how to manage financial processes in a business start-up**

#### **Cash flow forecast**

Consideration of a range of 'what if' scenarios.

- Calculations for cash flow forecast; making realistic assumptions.
- Profit and loss and balance sheet.
- Working capital requirements; set up costs; personal survival budget;
- Systems used for allocating costs; comparing actual costs with budget and forecasts.

- Pricing (cost-plus and mark-up).
- Gross profit margin; Break-even analysis.

### **Financial transactions**

Day to day sales transactions; cost categories e.g. labour; materials; overheads; fixed; variable; direct; indirect; apportioned.

### **Financial information**

The effect of pricing on profit and loss accounts; interpreting financial statements including profit and loss and balance sheets, the relationship between costs and sales & selling price.

### **Recommended text:**

- Burns, P. 2011. Entrepreneurship & Small Business. 3<sup>rd</sup> Edition. Basingstoke: Palgrave Macmillan Publishers Ltd. ISBN 978-0230247802.

### **Supplementary reading:**

- Accounting and Finance for Non-Specialists (8<sup>th</sup> Edition) by P. Atrill and E. McLaney (2013). ISBN 978-0273778035.
- Starting a Business for Dummies (3rd Edition) by C. Barrow (2011). ISBN 978-118837344.
- Management Accounting for Business (4<sup>th</sup> Edition) by C. Drury (2009). ISBN 978-1408017715.
- Principles of Marketing (15<sup>th</sup> Edition) by P. Kotler and G. Armstrong (2014). ISBN 978-0133255416.
- Management and Organisational Behaviour (9<sup>th</sup> Edition) by L. Mullins (2010). ISBN 978-0273708889.

### **Other resources:**

- Business Model Canvas. Available from: [http://www.businessmodelgeneration.com/downloads/business\\_model\\_canvas\\_poster.pdf](http://www.businessmodelgeneration.com/downloads/business_model_canvas_poster.pdf).
- Businessballs. Available from: <http://www.businessballs.com>.
- Business Studies, Biz/ed. Available from: <http://www.bized.com>.
- Management training and leadership training, Mind Tools. Available from: <http://www.mindtools.com>.
- Business Studies, Tutor2u. Available from: <http://www.tutor2u>.

### 3SMR Managing resources for a business start-up

**Unit title:** Managing resources for a business start-up

**ABE unit code:** 3SMR

**Unit Reference Number:** F/506/4655

**Unit level:** QCF Level 3

**Credit value:** 6 credits

**Guided learning hours:** 30

**Unit review date:** 31 August 2016

**Purpose and aim of unit:**

This unit will develop the learner's knowledge and understanding of the physical, financial, legal and human resources necessary when starting a business and how these resources can be managed.

**This unit is suitable for persons who are seeking to:**

- start their own business
- develop their knowledge and understanding of resource requirements for a small business start-up.

**Assessment method:**

This unit will be assessed by a written examination which will be set and marked by ABE.

<b>Learning Outcomes</b> <i>The learner will:</i>	<b>Assessment Criteria</b> <i>The learner can:</i>
1. Understand the resources required when starting a business	1.1 Describe the <b>physical resources</b> that must be considered before start-up  1.2 Evaluate the <b>alternatives for financing</b> a small business start-up  1.3 Evaluate the contribution of <b>enterprising skills</b> in starting a business
2 Know how to determine the required resources for a business start-up	2.1 Assess the <b>resources required</b> for implementing a business idea  2.2 Justify the <b>resource selection</b> for a start-up business  2.3 Explain how to co-ordinate the <b>deployment of</b> the selected business start-up <b>resources</b>

## **Indicative content:**

### **Learning Outcome 1: Understand the resources required when starting a business**

#### **Physical resources**

Premises e.g. home; office; workshop; shop (considering factors such as tenancy agreements).

Equipment e.g. fittings; furniture; cash register; computer; tools; vehicles; photocopier; communication systems e.g. phones. May be on lease or purchased.

Product: stock; storage and distribution.

#### **Alternatives for financing**

Own savings or lenders and investors, e.g. friends and relations; government; charities; bank loans; overdrafts; grants; private investors and venture capital.

Consider how much finance is required, and what it is for. The importance of a reasonable estimate of future sales, costs and cash balances through well considered forecasts.

#### **Enterprising skills**

Understanding how to use the self as a resource: creativity and innovation; networking skills; tenacity; 'can do' attitude; emotional intelligence.

### **Learning Outcome 2: Know how to determine the required resources for a business start-up**

#### **Resources required**

The physical, financial, legal and human resources required for specific business types.

#### **Resource selection**

Rationale for the resources selected for a specific business idea. Are they appropriate, realistic and achievable financially?

#### **Deployment of resources**

How all the resources will need to work in unison if the start-up business is to be successful. Management of simultaneous workflows and actions which may be contingent on other internal or external factors.

#### **Recommended text:**

- Entrepreneurship & Small Business (3<sup>rd</sup> Edition) by P. Burns, P (2011). ISBN 978-0230247802.

#### **Supplementary reading:**

- Growing Your Business: A handbook for Ambitious Owner-Managers by G. Burke, L. Clarke, D. Molian and P. Barrow (2008). ISBN 13:978-0415405188.
- Business Model Canvas. Available from:  
[http://www.businessmodelgeneration.com/downloads/business\\_model\\_canvas\\_poster.pdf](http://www.businessmodelgeneration.com/downloads/business_model_canvas_poster.pdf).
- Gershoni, K. 2014. Innovation Excellence. Integrating intelligence and intuition. Available from: <http://www.innovationexcellence.com/blog/2014/06/11/integrating-intelligence-and-intuition/>.

**Unit title:** Preparing a business plan for a business start-up

**ABE unit code:** 3UBF

**Unit Reference Number:** J/506/4656

**Unit level:** QCF Level 3

**Credit value:** 6 credits

**Guided learning hours:** 30

**Unit review date:** 31 August 2016

**Purpose and aim of unit:**

The unit will develop the learner's knowledge, understanding and the skills needed to prepare and present a business plan for a business start-up.

**This unit is suitable for persons who are seeking to:**

- start their own business
- develop the knowledge, understanding & skills required to prepare a business plan for a small business start-up.

**Assessment method:**

This unit will be assessed by three written tasks, which will be set and marked by ABE.

<b>Learning Outcomes</b> <i>The learner will:</i>	<b>Assessment Criteria</b> <i>The learner can:</i>
1 Understand the elements of a business plan for a business start-up	1.1 Explain the <b>purpose of a business plan</b> and the different stakeholder interests  1.2 Describe the <b>elements of a business plan</b>  1.3 Explain the <b>difference between a business model and a business plan</b>
2 Be able to prepare and present a business plan for a business start-up	2.1 Develop a business plan for a business start-up idea  2.2 <b>Communicate a business plan</b> to key stakeholders

## Indicative content:

### **Learning Outcome 1: Understand the elements of a business plan for a business start-up**

#### **Purpose of a business plan**

The plan represents the vision of what the owners want the business to become and how they will achieve it.

A business plan addresses three broad issues:

- *Viability*: customers, competition, marketing strategy and profitability.
- *Resources*: particularly people and money.
- *Credibility*: track record and experience. It will help convince others that the owners are prepared and are addressing any issues. Producing a business plan will help the owners avoid some of the pitfalls of starting a business and a business plan will almost certainly be needed if external funding is required.

#### **Elements of a business plan**

The key components:

- *The business idea*: May include an outline of the type of business proposed and trading status; range of services to be offered; involvement of the owners e.g. full-time or part time; business location, summary of target customers/market; statement of viability i.e. why the business will succeed.
- *The business prosper*: May include brief background/personal history; CVs of key members; motivation, ambitions and long term objectives; personal skills, expertise and experience relevant to the business.
- *Resources required*: May include start-up inventory of equipment, materials, and products/stock; details of premises; staff and skills required.
- *Finance*: May include budgetary plan and cash flow forecast; personal survival budget; breakeven analysis; a yearly profit forecast for 5 years; value of current resources/capital available/ investment to date; details of further investment required; potential and preferred sources of finance; proposed financial monitoring procedures.
- *Marketing*: May include description of target market, identify USP, results of market research, any seasonality factors, details of competitor analysis, proposed marketing activity.
- *Implementation*: May include chosen means of operation (limited company/sole trader etc.) and rationale, details of relevant legislation/compliance considerations (including patents and intellectual property), project plan including timescales, risk analysis, contingency plans, success measures and indicators.
- *Summary*: Reaffirm reasons for viability and expected success.
- *Appendix*: May include letters of intent/support from customers; market research data; design material; sample advertising material.

#### **Differences between a business model and a business plan**

A business plan describes what your company does. This written document states your company's operational and financial goals for the future and how it proposes to meet them. A business model describes how and where you choose to operate your company. The model you choose is detailed in your business plan.

A *business plan* is a formal statement of why the company exists and what it hopes to achieve. It contains a set of business goals for the elements within it, the reasons they are believed to be attainable, and the plan for achieving those goals. It encapsulates longer term objectives, estimates and forecasts on paper. Business plans are used by business owners seeking funding from outside sources, such as banks.

A *business model* outlines how a business will operate e.g. as a franchise, an online shop etc. It includes how the product or service will be delivered to customers, and consideration of key partners, value propositions, customer development and management, resources, cost structure, revenue streams.

**Learning Outcome 2: Be able to prepare and present a business plan for a business start-up**

**Communicate a business plan**

Consider the purpose of the communication and the target audience, and select an appropriate method.

Good communication skills include:

- organising, structuring and presenting information effectively
- presenting information and ideas to others clearly and accurately
- negotiation and persuasive skills, instilling confidence about skills & abilities
- using positive language, tone and body language
- adapting style and language for different audiences. Interpreting body language and tone of voice from the audience and adapting presentation style and approach if necessary
- active listening
- requesting feedback, engaging with the audience and responding positively and appropriately.

**Recommended text:**

- Entrepreneurship & Small Business (3<sup>rd</sup> Edition) by P. Burns (2011). ISBN 978-0230247802.

**Supplementary reading:**

- Growing Your Business: A handbook for Ambitious Owner-Managers by G. Burke, L. Clarke, D. Molian and P. Barrow (2008). ISBN 13: 978-0415405188.
- Business Model Canvas. Available from:

[http://www.businessmodelgeneration.com/downloads/business\\_model\\_canvas\\_poster.pdf](http://www.businessmodelgeneration.com/downloads/business_model_canvas_poster.pdf)