**Unit Title:** Entrepreneurship and Business Development  
**Guided Learning Hours:** 160  
**Level:** Level 5  
**Number of Credits:** 18

### Learning Outcome 1
The learner will: Understand the concept of entrepreneurship and its close relationship with enterprise and owner-management.

<table>
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<tr>
<th>Assessment Criteria</th>
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</table>
| **1.1 Define and explain the terms: entrepreneurship, enterprise and owner-management.** | 1.1.1 What is entrepreneurship? Define and explain the meaning of entrepreneurship.  
1.1.2 Identify the differences between entrepreneurs and owner managers – growth objectives, strategic perspective and innovation.  
1.1.3 Explain the tasks and roles of entrepreneurs. |
| **1.2 Identify and discuss common and essential attributes of entrepreneurs and the various motives for creating a new business venture.** | 1.2.1 The characteristics of successful entrepreneurs – are entrepreneurs born or made?  
- Trait theory: the big five personality dimensions – the need for achievement; the need for autonomy; the locus of control; a risk-taking propensity and self-efficacy.  
- Behaviour theory: entrepreneurship can be learned.  
- Sociological factors: an entrepreneurial environment.  
1.2.2 The ‘model’ entrepreneur.  
- Personal attributes: innovative, determined, external focus, team leader.  
- Technical skills: product/service knowledge, market/industry understanding.  
- Management competencies: marketing, finance, HRM.  
- Entrepreneurial management behaviour: opportunity identification, resource leveraging, networking, decision-making.  
1.2.3 Entrepreneurial motives:  
- Push (necessity-based) motives vs. pull (opportunity-based motives).  
- Personal/life style motives.  
- Desire for growth. |
**Learning Outcome 2**
The learner will: Understand the nature of business development in the context of existing organisations and of new business start-ups.

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<tr>
<th>Assessment Criteria</th>
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<tr>
<td><strong>2.1</strong> Identify the varied forms of business development.</td>
<td>2.1.1 Business development involves evaluating a business and then realising its full potential using marketing, information management, customer service.</td>
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<td><strong>2.2</strong> Identify business development strategies available to existing businesses.</td>
<td>2.2.1 The Business Development Strategy is used to underpin the main Business Plan and it sets out a standard approach for developing new opportunities, either from within existing customer accounts or by proactively targeting brand new potential accounts and then working to close them. The strategy should ask the following questions:</td>
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<td><strong>Who</strong> does the firm target?</td>
<td><strong>What</strong> does the firm want to sell?</td>
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<td><strong>Where</strong> are the customers?</td>
<td><strong>When</strong> will they be approached?</td>
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<td><strong>Which</strong> are the appropriate target personnel?</td>
<td><strong>Why</strong> would they want to meet with the firm?</td>
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<td><strong>How</strong> will they be reached?</td>
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<td><strong>2.3</strong> Identify approaches to the development of new businesses and start-ups.</td>
<td>2.3.1 Business development techniques include:</td>
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<td><strong>2.4</strong> Describe the challenges faced by small businesses in the development of their organisations.</td>
<td>2.4.1 Problems accessing complementary resources such as:</td>
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<td><strong>Finance</strong></td>
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<td><strong>Marketing and distribution networks</strong></td>
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<td><strong>Competitive suppliers and manufacturing capability</strong></td>
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<td><strong>Complementary technologies</strong></td>
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<td><strong>Services</strong></td>
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<td><strong>Intellectual property rights</strong></td>
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<td>2.4.2 SMEs may have to consider outsourcing, strategic alliances and licensing to overcome these resource shortages.</td>
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2.5 Explain the range of services to assist in the start-up and development of a new business which are available through the public, private and voluntary sectors and also the peer support available.

2.5.1 Entrepreneurial networks – direct and indirect:
- Family and friends
- Chambers of Commerce [www.britishchambers.org.uk](http://www.britishchambers.org.uk)
- Federation of Small Businesses [www.fsb.org.uk](http://www.fsb.org.uk)
- Online networks
- Professional networking organisations (BNI Europe) [www.bni-europe.com](http://www.bni-europe.com)

2.5.2 Government organisations such as Business Link/Local Enterprise Partnerships (LEPS). Services include developing an awareness of:
- Companies Act
- Finance Acts
- Health and Safety
- Trading Regulations
- Data Protection
- Employment Rights
- Insurance

2.5.3 Appropriate information services.

2.5.4 The legal requirements specific to each business.

2.5.5 The skills, knowledge and attributes needed in a successful small business.

2.5.6 The legal framework within which recruitment, selection and employment takes place.

2.5.7 Key employment legislation and the personal responsibility of an employer.

2.5.8 Employees’ rights, including Terms and Conditions of Employment.

2.5.9 Health and safety at work responsibilities.
## Learning Outcome 3
The learner will: Understand the concepts of innovation and creativity and the roles that both play in entrepreneurship and business development.

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<td><strong>The learner can:</strong></td>
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| 3.1 Define and explain the terms, innovation and creativity. | 3.1.1 Creativity – new ideas and new sources of knowledge.  
3.1.2 Innovation – the commercialisation (monetisation) of new ideas in the form of new products/services, processes and/or new business/marketing models. |
| 3.2 Identify and discuss examples of innovation. | 3.2.1 Joseph Schumpeter’s five types of innovation:  
- New products or service  
- New methods of production (process)  
- Developing new markets  
- Identifying new sources of supply  
- New forms of organisation  
3.2.2 Approaches to innovation:  
- Radical innovation  
- Incremental innovation  
- Technology push or market pull |
| 3.3 Explain the processes of opportunity scouting and idea generation. | 3.3.1 Peter Drucker’s seven key sources of ideas:  
1) Unexpected happenings  
2) Incongruous happenings  
3) A need for process improvements  
4) Changes in industry or market structure  
5) Demographics  
6) Changes in perception, mood and meaning  
7) New knowledge  
3.3.2 Scanning the external environment for ‘windows’ of opportunity – the macro (STEEP) and micro-competitive environments.  
3.3.3 Open-source innovation – user (customer) generated ideas (unmet needs).  
3.3.4 Internal processes: brainstorming, quality circles, focus groups, project teams, suggestion boxes, etc. |
| 3.4 Appraise selected examples of creativity in the marketplace, evaluating its role in successful entrepreneurship. | 3.4.1 Discuss the role of creativity and innovation in achieving competitive advantage.  
3.4.2 Explore the 4Ps of innovation space:  
1) Position (marketing and business model innovation)  
2) Paradigm (mental model) - changing perceptions  
3) Process innovation  
4) Product/service innovation |
3.5 Discuss the role of creativity and innovation in the development of existing businesses.

3.5.1 The small business life cycle stages: concept/test, develop or abort, growth or decline, maturity, re-growth or decline.

3.5.2 The stages of the innovation life cycle model: fluid, transitional and specific.

Learning Outcome 4
The learner will: Understand the importance of research and information in a successful business.

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4.1 Identify the critical nature of information in business success.

4.1.1 Knowledge of, and the ability to predict, market growth.

4.1.2 The provision of management information to make informed decisions.

4.1.3 The production of competitor intelligence.

4.1.4 Understanding of the regulatory environment.

4.1.5 Source information to test new product.

4.2 Discuss the role of SWOT analysis in the context of developing business plans.

4.2.1 SWOT and its role as an analytical tool that enables the organisation to evaluate the strengths and weaknesses of its internal resources and capabilities in relation to competitor firms and the external opportunities and threats this represents. This will determine the level of strategic fit or drift.

4.3 Explain how the PESTLE analysis enables understanding of key issues and pressures in the internal and external business environment.

4.3.1 Scanning the external environment for ‘windows’ of opportunity (trends and changes).

4.3.2 Positioning the business to respond to political, economic, social, technological, legal and environmental change.

4.4 Identify and describe common Market Research (MR) techniques used by businesses including the use of primary and secondary data, analysis of competitor and customer data, and the use of support from external MR consultancies.

4.4.1 Define and give examples of quantitative research.

4.4.2 Define and give examples of qualitative research.

4.4.3 Explain the key advantages and disadvantages of primary and secondary research.

4.4.4 Identify sources of data for primary and secondary data:

- Secondary sources: internal records, personal contact networks, trade associations, chambers of commerce, competitors.
- Primary sources: surveys and questionnaires, face-to-face interviews, telephone surveys, mail questionnaires,
omnibus surveys, focus groups, observation and geodemographic databases.

4.5 Critically appraise the usefulness and validity of published research in addressing business questions.

4.5.1 Published research can help to reduce bias.

4.5.2 Published research is cheaper and quicker than primary research.

4.5.3 Published research tends to be historic in nature and therefore often out of date.

4.5.4 Not all published research is accurate or suitable for benchmarking purposes.

4.5.5 Useful published resources include Mintel, Keynote and the national Census data.

4.6 Discuss the reliability of research including the issues of sufficiency of sample size and sample and interview bias.

4.6.1 Sampling techniques:
- Sampling frame
- Random sample
- Probability sample
- Quota sample
- Stratified sample

4.6.2 The advantages and disadvantages of each sampling technique. Interview techniques and sources of bias: sampling bias, interviewer bias.

4.7 Identify the research challenges faced by small businesses.

4.7.1 Insufficient resources – executive time and manpower.

4.7.2 Lack of knowledge and skills.

4.7.3 Prohibitive cost of accessing published research sources.

Learning Outcome 5
The learner will: Understand regulatory frameworks affecting the entrepreneur and small business owner.

Assessment Criteria
The learner can:

5.1 Explain the relevant regulations for the entrepreneur under the Data Protection Act (UK) – or similar elsewhere.

5.1.1 The 8 principles of data protection:
1) Personal data shall be processed fairly and lawfully and, in particular, shall not be processed unless –
   (a) at least one of the conditions in Schedule 2 of the Data Protection Act is met, and
   (b) in the case of sensitive personal data, at least one of the conditions in Schedule 3 is also met.

2) Personal data shall be obtained only for one or more
specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes.

3) Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.

4) Personal data shall be accurate and, where necessary, kept up to date.

5) Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.

6) Personal data shall be processed in accordance with the rights of data subjects under this Act.

7) Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.

8) Personal data shall not be transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.


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5.2 Identify relevant aspects of accountancy regulations and their impact upon start-up procedures.

5.2.1 Explain the process of registering a company in the UK.

5.2.2 Explain Companies House requirements.

5.2.3 Overview of Sole Trader, Partnership and Limited Company.

5.2.4 Overview of legislation relevant to company directors.

5.2.5 Discuss the legal and constitutional position of directors.

5.2.6 Explain agency powers of directors and employees in making contracts.

5.2.7 Discuss fiduciary duties and the avoidance of conflicts of interest.

5.2.8 Develop an awareness of the Companies Act and Finance Acts.

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5.3 Describe the requirements necessary to conform to the relevant advertising standards code of conduct.

5.3.1 The Advertising Codes contain wide-ranging rules designed to ensure that advertising does not mislead, harm or offend. Adverts must also be socially responsible and prepared in line with the principles of fair competition. These broad principles apply regardless of the product being advertised.

5.3.2 In addition, the Codes contain specific rules for certain
products and marketing techniques. These include rules for alcoholic drinks, health and beauty claims, children, medicines, financial products, environmental claims, gambling, direct marketing and prize promotions. These rules add an extra layer of consumer protection on top of consumer protection law and aim to ensure that UK advertising is responsible.

5.3.3 The Advertising Standards Authority (ASA) administers the rules in the spirit as well as the letter, making it almost impossible for advertisers to find loopholes or 'get off on a technicality'. This common sense approach takes into account the nature of the product being advertised, the media used, and the audience being targeted.

5.3.4 The Advertising Codes consist of two types, which are 'non-broadcast' and 'broadcast'. Advertising Standards Authority – Code of Conduct: [www.asa.org.uk](http://www.asa.org.uk)

### 5.4 Explain the implications of the Market Research Society Code of Conduct.

5.4.1 The principles of the MRS Code:
- Researchers shall ensure that participation in their activities is based on voluntary informed consent.
- Researchers shall be straightforward and honest in all their professional and business relationships.
- Researchers shall be transparent as to the subject and purpose of data collection.
- Researchers shall respect the confidentiality of information collected in their professional activities.
- Researchers shall respect the rights and well-being of all individuals.
- Researchers shall ensure that respondents are not harmed or adversely affected by their professional activities.
- Researchers shall balance the needs of individuals, clients and their professional activities.
- Researchers shall exercise independent professional judgement in the design, conduct and reporting of their professional activities.
- Researchers shall ensure that their professional activities are conducted by persons with appropriate training, qualifications and experience.
- Researchers shall protect the reputation and integrity of the profession.

5.4.2 See Market Research Society - Code of Conduct: [www.mrs.org.uk](http://www.mrs.org.uk)

### 5.5 Discuss legal risk in new business start-ups.

5.5.1 Unlimited liability firms:
- Sole trader
- Partnership

5.5.2 Limited liability firms:
- Private limited liability (Ltd.)
- Public limited liability (Plc.)
- Limited liability partnership (LLP.)
### Learning Outcome 6

The learner will: Understand issues and decisions involved in financing and resourcing a business start-up and essential aspects of financial management.

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| **6.1** Explain how a business can effectively assess its start-up financing requirements, including how it might assess its resource and premises needs. | **6.1.1** Start-up budget:  
• Sales forecast  
• Fixed costs  
• Variable costs |
| **6.2** Describe the sources of finance available to new businesses, and those in early development, and identify and describe potential solutions. | **6.2.1** Personal finance:  
• The entrepreneur’s own capital  
• Retained profit  
• Informal investors (3Fs: family, fools and friends)  
• Internal capital networks (Asian companies investing in one another) |
| **6.3** Discuss common financial difficulties experienced by new businesses and those in early development and identify and describe potential solutions, explaining the pros and cons of different types of finance available. | **6.3.1** The two key problems facing start-up businesses are lack of funding and cash flow problems.  
**6.3.2** The solutions include:  
• Personal finance (and friends) – cheap, accessible but involves personal relationships and repayment.  
• Bank overdraft – quick and relatively cheap. Interest only on balance but repayable on demand.  
• Term loans – longer term, fixed rate of interest allowable, cannot be withdrawn but secured on assets, can be expensive and repayment of capital required.  
• Small Firms Loan Guarantee Scheme – useful when no adequate security but once only arrangement fees.  
• Hire purchase and leasing – tax treatment and interest allowable, the asset is the only security but you cannot sell the asset.  
• Suppliers – delayed payment is cheap but may damage supplier relations.  
• Factoring, invoice discounting, stock finance – assign current assets as security for a loan but may create an impression of financial distress. |
| **6.4** Describe the key | **6.4.1** The three financial statements: |
Indicators of the financial health of a business and how these can be effectively monitored and acted upon.

- Cash Flow Statement
- Income and Expenses Statement (profit and loss account)
- Statement of Financial Position (balance sheet)

6.4.2 Ratio analysis.
6.4.3 Risk and sensitivity analysis.

6.5 Describe key elements of financial management and control in a small business.

6.5.1 Managing the working capital cycle:
- Inventory turnover
- Credit control
- Cash flow management

6.6 Describe pricing strategies available to the small business.

6.6.1 Cost-based pricing: cost plus and mark-up pricing.
6.6.2 Customer-based pricing: demand pricing.
6.6.3 Competitor based pricing: meet the competition; undercut the competition.

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**Learning Outcome 7**
The learner will: Understand the enterprise culture and the characteristics of different entrepreneurs.

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| 7.1 Define the enterprise culture in business and the pros and cons of developing such a culture. | 7.1.1 Being enterprising involves being prepared to take risks and to ‘think out of the box’ in developing solutions to problems. The term culture refers to the typical way of behaving within an organisation or in society as a whole.  
7.1.2 An organisation with an enterprise culture is one where people are imaginative and creative, rather than being reluctant to take risks. Most successful UK businesses typify the 'enterprise culture'. This applies to a range of small and large enterprises. In big companies there is sometimes a danger that the organisation develops a structure that discourages enterprise. However, one way of getting round this has been to organise people into teams where they are encouraged to make decisions for themselves providing they keep in line with the overall objectives and targets of the organisation as a whole.  
7.1.3 Society as a whole can develop an 'enterprise culture'. This involves moving away from a 'dependency culture' where people continually expect others (often the government) to sort out problems for them. An enterprise culture is made up of enterprising people who are prepared to challenge existing ways of doing things, and to come up with new ideas and solutions to the benefit of society as a whole.  
7.1.4 A key problem of encouraging an enterprise culture is |
that an organisation may not have the same level of control over its employees and their actions, which can lead to poor decisions and performance and sometimes company failure due to the absence of key checks and balances.

7.2 Identify key attributes, decisions, business achievements, public personas and approaches to enterprise culture that have defined prominent entrepreneurs, and their effects upon the business, using examples.

7.2.1 People are encouraged to have ideas. Good ideas can come from anyone in the organisation. Set up systems so that people can easily put forward ideas. If there are suggestions that are taken up, ensure the person who originated the idea is recognised in some way. Don’t restrict this to having ideas for goods or services, encourage people to think about their work environment, customer service, team-building and other areas of the business, so that they get into the habit of making suggestions and seeing them implemented.

Build on this by setting up regular ideas meetings or creative forums that bring people together from different parts of the organisation for brainstorming sessions.

7.2.2 People work in teams. By working together, groups of people have more to offer than lone individuals. They will have complementary skills that may need to be developed through training and practice.

7.2.3 People are given authority and freedom to try things. In order to get people to come up with ideas and new ways of working that can save money or bring in new streams of income, and then you need to give them a degree of freedom to experiment. This means empowering staff with the authority to do so. This demonstrates the trust management has in them and also allows them the space and time to try ideas out properly.

7.2.4 Success is celebrated. Regularly celebrate the organisation’s achievements so that people feel they are part of a dynamic business and then they will want to be part of and want to contribute to it. Making a point of thanking them, they will feel recognised and they will be encouraged to continue to do so.

7.2.5 Communication is open and regular. People naturally want to talk about what they are doing and what they think is going on. So, it is important that information flows around the business – and not just from the top down. People should feel they can ask questions, explain what is and isn’t working for them and have a clear understanding of the direction in which the business is going. Communication takes many forms – including memos, newsletters, email, face-to-face meetings, telephone conversations etc.

7.2.6 Planning is at the heart of the organisation. Planning is the process of explaining what the organisation wants to achieve and how it is going to get there. This needs to be applied to every aspect of the work. By being clear about what everyone wants to achieve, everyone can work towards the same end. This will give the organisation focus and energy. It also helps to identify some of the potential barriers and problems.
7.2.7 Everyone has belief in the organisation. When competing with other organisations, including other businesses, the differentiation of the enterprise is that it has a social purpose, something that people can get behind and really believe in. This can generate a genuine feeling that your organisation is better and more worthwhile than the rest.

7.3 Describe the concept of intrapreneurship (or corporate entrepreneurship) and its effect upon the business.

| 7.3.1 Intrapreneurship is the practice of entrepreneurship in an established firm. Intrapreneurship applies the ‘start up’ style of management (characterised by flexibility, innovation, and risk taking) to a secure and stable firm. The objective is to fast track product development (by circumventing the bureaucracy) to take advantage of a new opportunity or to assess feasibility of a new process or design. |

7.4 Explain the factors which militate against an enterprise culture.

| 7.4.1 Micro-management and a blame culture. |
| 7.4.2 Aversion to risk and fear of change. |
| 7.4.3 External locus of control. |
| 7.4.4 Bureaucratic and hierarchical structures. |
| 7.4.5 Rigid functional boundaries. |
| 7.4.6 Strong division of labour. |
| 7.4.7 Formal procedures and polices. |

7.5 Describe the processes involved in the development of competitive advantage.

| 7.5.1 Innovation process model. |
| 7.5.2 Incremental or radical innovation. |
| 7.5.3 Porter’s Generic Strategies. |
| 7.5.4 Bowman’s Strategy Clock. |
| 7.5.5 Push vs. pull approach. |
| 7.5.6 Intellectual property protection versus speed to market. |

7.6 Explain the role of information and communications technology (ICT) in supporting entrepreneurship and business development.

| 7.6.1 Maximising the use of the internet for marketing, purchasing, accounting/finance and operations purposes. |
| 7.6.2 Cloud computing. |
| 7.6.3 Website, Pay Pal, social networking, search engine optimisation (SEO). |
| 7.6.4 Software programmes – Sage, ERP and CRM. |
Assessment:
- Assessment method: written examination (unless otherwise stated).
- Written examinations are of three hours’ duration.
- All learning outcomes will be assessed.

Recommended Reading:
Please refer to the Qualifications section of the ABE website (www.abeuk.com) for lists of recommended reading books.