



Applied General Level 3

Applied Business

ABS3 Entrepreneurial Opportunities
Final Mark Scheme

1830
June 2017

Version/Stage: v1.0

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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11.3 Unit 3: Entrepreneurial opportunities

Title	Entrepreneurial opportunities (Synoptic assessment unit)
Unit type	Mandatory
Unit assessment type	Externally assessed
Assessment method	Externally assessed assignment
Guided learning hours	60
Transferable skill(s)*	• Research • Communication • Problem-solving *There are opportunities to develop the above transferable skills in the delivery of this unit.

Aim and purpose:

In this synoptic unit, you will develop your understanding of entrepreneurial opportunities and investigate how individuals can exploit these through personal enterprise, e.g. by offering a service. You will consider opportunities for your own personal enterprise, for a given context, and propose marketing and operations activities to take advantage of the entrepreneurial opportunity. The unit will require that you apply the business skills and knowledge you have acquired through units 1 and 2.

Unit introduction:

Enterprising behaviour is essential to the success of any business. You will consider how your own skills and personality type affect the ways in which you might exploit an entrepreneurial opportunity. You will also investigate the factors affecting the success of enterprise, considering the importance of the customer value proposition, target market preferences and networking with key support groups (such as family and business people). You will then consider the options available to you for enterprise. You will investigate marketing activities to meet the needs of your target market. The method of operating the enterprise is also a key consideration and you will investigate ways of running it. Finally, you will consider the risks and uncertainties that might impact on its potential success and how these could be reduced.

Performance outcomes:

Learners will be able to:

- Performance outcome 1: Understand enterprising behaviour.
- Performance outcome 2: Investigate customer value propositions for personal enterprise.
- Performance outcome 3: Consider marketing and operations activities for personal enterprise.
- Performance outcome 4: Review the risks and uncertainties of personal enterprise.

Unit content:

Performance outcome 1: Understand enterprising behaviour

Enterprising behaviour	• Meaning of enterprising behaviour. • The ways in which enterprising behaviour can be demonstrated. • Exploiting relevant market opportunities through enterprising behaviour.
Innovation, risk and uncertainty	• Meaning of innovation, risk and uncertainty. • Significance of innovation, risk and uncertainty to the benefits gained from enterprising behaviour.
Myers-Briggs personality types and enterprising behaviour	• Myers-Briggs preferences: • extraversion vs introversion • sensing vs intuition • thinking vs feeling • judging vs perceiving. • Myers-Briggs personality types and characteristics. • Own skills levels: • communication • research • team working. • How Myers-Briggs personality type and own skills affect the ways in which individuals engage in enterprising behaviour.

Performance outcome 2: Investigate customer value propositions for personal enterprise

Potential target markets	• Socio-economic characteristics. • Key features of target markets: • benefits looked for from products • willingness to pay • preferred channels of distribution.
Support network	• Support network groups: • family and social groups • businesses • government and non-governmental organisations (NGOs). • Benefits provided by support network groups: • financial support • business knowledge, skills and experience • access to suppliers and customers.

Selecting a customer value proposition for a personal enterprise	• Meaning and significance of customer value proposition. • Identifying alternative customer value propositions. • Selecting a customer value proposition for the enterprise, considering: • innovation, including the use of technology • potential target markets • competition • benefits provided by support network groups.
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Performance outcome 3: Consider marketing and operations activities for personal enterprise

Marketing activities	• Activities: • price and product • promotion and place. • Deciding on marketing activities considering the customer value proposition and: • own skills and personality type • target market key features • competition • potential revenue.
Operations activities	• Activities: • acquiring and handling inputs • processing inputs to deliver outputs. • Deciding on operations activities considering the customer value proposition and: • own skills and personality type • potential costs (start-up and operating) • support networks.
Viable personal enterprise	• Potential estimated profit (surplus), considering: • marketing activities (potential revenue) • operations activities (potential costs).

Performance outcome 4: Review the risks and uncertainties of personal enterprise

Risks and uncertainties	• Risks and uncertainties of the personal enterprise, related to: • marketing • operations • finance. • Identifying key risks and uncertainties.
Contingencies	• Identifying contingencies. • The importance of support network groups for the effectiveness of the contingencies.

Grading criteria:

Performance outcomes	Pass	Merit	Distinction
	To achieve a pass the learner must evidence that they can:	In addition to the pass criteria, to achieve a merit the learner must evidence that they can:	In addition to fulfilling the pass and merit criteria, to achieve a distinction the learner must evidence that they can:
PO1 Understand enterprising behaviour	P1 Outline examples of enterprising behaviour and market opportunities. (SA Unit 2 PO1)		
	P2 Outline examples of innovation, risk and uncertainty for personal enterprise. (SA Unit 2 PO1)	M1 Explain how innovation, risk and uncertainty can affect the benefits gained from personal enterprise.	
	P3 Outline own personality type and skills relevant to engaging in enterprising behaviour.	M2 Explain how own personality type and skills affect the ways in which you might engage in enterprising behaviour.	D1 Judge the significance of own personality type and skills on the ways in which you will engage in enterprising behaviour.
PO2 Investigate the customer value propositions for personal enterprise	P4 Outline the socio-economic characteristics of the personal enterprise's potential target markets.	M3 Explain key features of the personal enterprise's potential target markets.	
	P5 Outline the support network groups relevant to the personal enterprise. (SA Unit 1 AO1)	M4 Explain how the support network groups can benefit the personal enterprise.	
	P6 Outline possible customer value propositions for the personal enterprise. (SA Unit 2 PO2, 3)	M5 Explain the benefits of each customer value proposition for the personal enterprise.	D2 Justify the most appropriate customer value proposition for the personal enterprise.

Performance outcomes	Pass	Merit	Distinction
	To achieve a pass the learner must evidence that they can:	In addition to the pass criteria, to achieve a merit the learner must evidence that they can:	In addition to fulfilling the pass and merit criteria, to achieve a distinction the learner must evidence that they can:
PO3 Consider marketing and operations activities for personal enterprise	P7 Outline the marketing activities of the personal enterprise. (SA Unit 2 PO2, 3)	M6 Explain how individual marketing activities implement the customer value proposition.	D3 Justify how the marketing activities collectively support a viable personal enterprise.
	P8 Outline the operations activities of the personal enterprise. (SA Unit 1 AO1, 2; Unit 2 PO2)	M7 Explain how individual operations activities implement the customer value proposition.	D4 Justify how the operations activities collectively support a viable personal enterprise.
PO4 Review the risks and uncertainties of personal enterprise	P9 Outline the risks and uncertainties of the personal enterprise. (SA Unit 1 AO1, 2, 4; Unit 2 PO4)	M8 Explain the potential impact of the risks and uncertainties on the personal enterprise.	D5 Judge the key risks and uncertainties facing the personal enterprise.
	P10 Outline contingencies for the risks and uncertainties of the personal enterprise. (SA Unit 2 PO4)	M9 Explain how support networks groups might help to implement the contingencies.	D6 Judge the importance of different support network groups for the effectiveness of the contingencies.
Total criteria for each grade	10	15	20

Note: specific synoptic assessment criteria are identified by reference to the relevant underpinning unit and outcome, e.g. SA Unit 2 PO1 (where SA = synoptic assessment). The key to each of the references is given in the table below:

Unit 3 Performance outcome	Underpinning Unit 1 and 2 outcomes	Underpinning key Unit 1 and 2 content
PO1 Understanding enterprising behaviour	Unit 2 PO1 Understand business organisations	Business, markets, vision and aims: markets and market opportunities; vision statements and aims. Stakeholders and ownership: business ownership – risk and uncertainty.
PO2 Investigating customer value propositions	Unit 1 AO1 Investigate why business enterprises plan their finances Unit 2 PO2 Investigate current business advantages Unit 2 PO3 Consider business dynamics	Business planning: key stakeholders – owners/shareholders, potential funders, suppliers. Competitive advantage: production costs, consumer benefits, USP, protecting competitive advantage, holding competitive advantage. Competitive position: market share, competitive position analysis, favourable competitive position.
PO3 Considering marketing and operations activities	Unit 1 AO1 Investigate why business enterprises plan their finances Unit 1 AO2 Investigate the key elements of financial planning Unit 2 PO2 Investigate current business advantages Unit 2 PO3 Consider business dynamics	Business planning: planning an enterprise, planning to meet financial objectives; financing the enterprise. Costs and revenue, making a profit or surplus, break-even, cash-flow. Organisational types: effectiveness of a business' organisational type; Competitive advantage: production costs/operational efficiency, consumer benefits, USP, protecting competitive advantage, holding competitive advantage. Competitive position: market share, competitive position analysis, favourable competitive position.

PO4 Reviewing risks and uncertainties	Unit 1 AO1 Investigate why business enterprises plan their finances	Business planning, legal structures, financing the enterprise.
	Unit 1 AO2 Investigate the key elements of financial planning	Costs and revenue, making a profit or surplus, break-even, cash-flow.
	Unit 1 AO4 Assess information to enable stakeholders to make decisions about financial performance	Market information, stakeholder perspectives.
	Unit 2 PO4 Assess business potential	Internal strengths and weaknesses; external business opportunities and threats.

Assessment:

This unit will be assessed through an external assignment (i.e. AQA-set and marked assignment). The assignment will take place under strictly controlled conditions (see Section 13) and the arrangements for availability of assignments and assessment windows will be published at the start of each academic year.

The external assignment will consist of an entrepreneurial investigation culminating in a portfolio of responses which learners will complete in approximately 15 hours. Learners will undertake the task in two distinct phases: firstly, 'preparation time', where learners independently conduct their research for the task, and, secondly, 'completion time', where learners write their responses in strictly controlled conditions.

Learners' responses will be assessed by AQA assessors using the performance criteria above. All performance criteria must be demonstrated in the context provided by the externally-assessed assignment (see Section 13 for further details of how the assignment is delivered). Additional guidance, in relation to the performance criteria, will be provided by the externally-assessed assignment in order to constrain the range of evidence collected by learners. For example, the number of alternative customer value propositions considered in P6, M5 and D2.

Guided learning hours (GLH) breakdown:

GLH	PO 1	PO 2	PO 3	PO 4	Total
Delivery time	9 hours	15 hours	12 hours	9 hours	45 hours
Assessment time	3 hours	5 hours	4 hours	3 hours	15 hours
Total	12 hours	20 hours	16 hours	12 hours	60 hours

Delivery guidance:

The following guidance relates to delivering the knowledge content of this synoptic unit and the ways in which learners might prepare themselves for the externally-assessed assignment. The externally-assessed assignment will identify the evidence that they must produce in order to complete the assignment. This evidence must be completed at the **end** of the time allocated to this unit, and in accordance with the rules identified in the *Guidance notes for tutors* for the externally-assessed assignment.

However, centres should allow learners to carry out research for the externally-assessed assignment

throughout the duration of the unit, i.e. prior to completing the evidence required by the externally-assessed assignment at the **end** of the unit. The externally-assessed assignment will detail the range and nature of the research required and the rules surrounding how research should be conducted are contained in the Guidance notes for tutors. This research is not required by AQA for assessment purposes and should **not** be submitted. However, it will help learners to complete the evidence to be submitted, e.g. when explaining their customer value propositions in M5.

Performance outcome 1: Understand enterprising behaviour

This performance outcome requires learners to consider the meaning of enterprising behaviour and how they might relate to it. Having addressed business vision statements and market opportunities in the Business dynamics unit, learners could now consider what is meant by enterprising behaviour and the ways in which it can exploit market opportunities. Tutors could provide learners with succinct examples of enterprising behaviour by individuals (irrespective of nationality or particular market locations). These examples should cover a range of sectors and include both goods and services as well as profit and not-for-profit activities. Learners, working in small groups, could then research the market opportunities

that were exploited and how enterprising behaviour achieved this. At this stage, tutors should avoid depth of coverage and favour breadth so that learners can see the possibility of their own enterprising behaviour, i.e. that learners begin to think about themselves and their own attitudes, characteristics and skills.

Moving on from this, tutors should introduce the concepts of innovation, risk and uncertainty. It is particularly important for tutors to present innovation as ways in which people identify new possibilities for existing 'things' – these things can be ideas, processes or existing products. Learners should carry out their own internet research to identify a range of innovations involving these aspects and linked to markets/activities they are familiar with. After developing a folder of innovations, tutors should then present learners with contexts slightly removed from their own experiences (both national and international). Learners, working in small groups, could then discuss the business and consumer needs that were met by these innovations. The concepts of risk and uncertainty could then be defined and related back to innovation, i.e. that implementing innovative solutions for business and consumer needs inevitably involves a degree of risk and, in many situations, uncertainty. The rewards for 'leaping' can then be considered - and not just in terms of financial rewards, e.g. in terms of social objectives such as a greater understanding gained by communities. In this respect, learners will hopefully begin to see enterprising behaviour as more than the lone individual making personal profit and begin to consider social profit (surplus) whilst, at the same time, appreciate the importance of viability. Links to the Business dynamics unit (PO1 – stakeholders and ownership in relation to risk and uncertainty) should be made in order to underline this point.

At this stage, learners should formalise their 'understanding of themselves' and consider this in relation to how it could affect the ways in which they engage in enterprising behaviour. **Tutors should stress the wide ranging characteristics and personalities of successful entrepreneurs, i.e. that it genuinely takes all sorts!** After considering the Myers-Briggs framework – which should be seen as far more than a tool used by human resources managers – learners should profile their own personality types and consider their skills levels in respect of communication, research and team-working. Other skills can be considered if time allows and evidence is accessible, e.g. problem solving, numeracy etc. However, the skills of communication, research and team-working should be addressed before any additional skills are considered (if any).

At this stage, the context provided by the externally-assessed assignment (set by AQA) could be introduced and, within part of the time available for the assessment, learners could research the

assessment requirements for PO1.

Performance outcome 2: Investigate customer value propositions for personal enterprise

Tutors should outline the purpose and content of this PO and, in particular, introduce the meaning of a customer value proposition. Links to the Business dynamics unit should be explicitly made in respect of competitive advantage and business potential covered within that unit. Learners could consider the value proposition of familiar products and move on to less familiar products in order to introduce the meaning and significance of target markets. The idea of considering a group of consumers as a coherent target market could then be developed by tutors, i.e. by considering socio-economic characteristics and also considering shared attitudes towards expected benefits, price and/or distribution channels. Learners, working in small groups, could then investigate a market of their choice and report back on the different target markets within it (commenting on the factors creating these differences).

At this stage, individual learners could **begin** to consider their response to the externally-assessed assignment in respect of their own potential target markets. However, tutors should stress the importance of the 'other side' of enterprising behaviour, i.e. being able to **deliver** product benefits to target markets. The concept of support network groups should now be introduced and seen by learners as the foundation upon which they will base their enterprising behaviour. Tutors could provide learners with factsheet materials in relation to government and NGO support. In addition, tutors will need to support learners in gaining an appreciation of just how important the business support network group is! If possible, a workshop session involving local businesses would prove useful here. Links to both the Business dynamics and Financial planning and analysis units should be made to underline the importance of the business support network, but also could be made in relation to financial/practical support offered by family and social group networks.

Links to the Business dynamics unit will also prove useful when considering 'selecting a customer value proposition for a personal enterprise'. Learners should gain an appreciation of the central importance of the customer value proposition in developing successful enterprises. The concepts of competitive advantage and competitive position, covered by the Business dynamics unit, could be reviewed and the importance of the customer value proposition illustrated through cases previously addressed when delivering that unit. Learners should also be reminded of innovation, covered in PO1, and the 'lateral thinking' aspects of identifying customer value propositions considered. Tutors could provide a game/ role play where learners, working in small groups, are provided with relevant information about a market (covering aspects of the sub-bullet points under 'selecting a customer value proposition for the enterprise...'). They would then be provided with three or four alternative customer value propositions and asked to present a case for **one** of these propositions.

After reviewing the content and linkages in PO2, the tutor could then allow individual learners to carry out the externally-assessed assignment research requirements for this performance outcome. Each assignment will provide its own market contexts and key information. Learners will be expected to individually reflect on this data and carry out some additional research (whose general nature would be indicated by the assignment).

Performance outcome 3: Consider marketing and operations activities for personal enterprise

Having explored the 'bookends' of their personal enterprise (target markets/support network) and the essential story (customer value proposition), learners now need to consider how the personal enterprise might be put into action. Links to both the Business dynamics and Financial planning and analysis units should be made and key concepts reviewed (e.g. costs, revenues, profits and factors affecting these).

Tutors could address the concepts contained within the 'marketing activities' and 'operations activities' in a variety of ways and sequences, i.e. all roads lead to 'viable personal enterprise'. How this is done will be a combination of tutor and learner preference, but one approach could be through a series

of workshops focusing on how each of the 'variables' (e.g. price/product and processing inputs to outputs) are determined by the customer value proposition but **also** impact on potential estimated profit (surplus). What is crucial, however, is that tutors avoid the temptation of getting learners to develop a business plan. Tutors **must not** overburden learners with concepts from the Extended Certificate Business proposal unit. The sole intention of PO3 is an initial consideration of the marketing and operations activities required by personal enterprise and the content listed is entirely sufficient. To stress this point, it is only expected that learners **estimate**, in broad terms, the **potential** profit of a personal enterprise.

Once the ideas of marketing and operations activities for personal enterprise are understood by learners, and the link between these and potential profit (surplus) confirmed, learners will be in a position to carry out **research** for the PO3 aspects of the externally-assessed assignment. Some additional research will be required and, as in PO2, the assignment will contain relevant information (e.g. on cost estimates and possible operational activities). The key focus here will be the relationship between marketing/operations activities, customer value proposition and evidence already presented in PO1 and PO2 (e.g. own skills and personality type). It is an opportunity for individual learners to reflect on how **he/she** might make the enterprise happen.

Performance outcome 4: Review the risks and uncertainties of personal enterprise

As a conclusion to this unit, PO4 focuses on the importance of thinking about the many and varied ways in which a seemingly good plan can fall apart! Given the nature of uncertainty, learners should appreciate that all eventualities can't be planned for. However, personal resources and support networks can mitigate damages.

Tutors could provide two or three example personal enterprise plans (which should contrast with anything tackled by learners to date) and illustrate the various 'things' that can (and do) go wrong. Marketing, operations and finance aspects should be covered equally. The tutor could then provide alternative contingencies for each eventuality and learners could, working in small groups, rank their effectiveness. In ranking these, learners should be provided with support network group information and be required to explain how this helped them to rank the possible contingencies.

At this stage, learners should have carried out all necessary research and developed an understanding of the concepts covered by the unit. They should now be in a position to complete the externally-assessed assignment evidence requirements, within the time allocated.