

Unit 29: Managing and Running a Small Business

Unit code L/508/0566

Unit level 5

Credit value 15

Introduction

This unit will provide students with a practical understanding of the key aspects of running a small business or social enterprise. Students will learn about the activities involved in running a small business, including developing good relationships with customers, planning and allocating operational resources, forecasting and budgeting, interpreting financial statements, recruitment and retention of staff, leadership and building a team, dealing with legislation and regulation and how to put together a business plan.

Students will be able to apply their learning to a simulated business of their choice that they will work on as part of a group. They will develop an understanding of how all of the different aspects of running a business interrelate to achieve success, and develop an appreciation of the benefits and importance of organisation and planning.

Learning Outcomes

By the end of this unit a student will be able to:

- 1 Discuss how a small business or social enterprise plans and allocates resources to achieve objectives.
 - 2 Explain and evaluate the customer relationship management process for a small business or social enterprise, including understanding the benefits and challenges of transnational operation.
 - 3 Develop and analyse a cash flow forecast, budget and break-even analysis and interpret key financial statements.
 - 4 Discuss the implications of regulation and legislation on a small business or social enterprise.
-

Essential Content

L01 **Discuss how a small business or social enterprise plans and allocates resources to achieve objectives**

Planning resources – premises and equipment, people and skills:

Planning of activities in a business to include capacity utilisation and management, identifying resources and skills needed to develop appropriate job specifications.

Being an employer:

Organisation structures applicable to the business purpose and organisation stage.

Establishing an appropriate organisational culture.

Consideration of human resource management: recruitment and retention, performance management and team building.

Use of outsourcing, networks and external advisers.

Understanding key aspects of employment legislation relevant to a small business, for example, equality and diversity.

The business plan:

Effective articulation of the vision, goals and objectives.

Key components of a business plan.

Consideration of when a business plan might be needed, for example, when securing an overdraft or bank loan.

Project management techniques, including use of Gantt charts and critical path analysis.

L02 **Explain and evaluate the customer relationship management process for a small business or social enterprise, including understanding the benefits and challenges of transnational operation**

Building customer relationships:

Assessment of customer value, acquiring and retaining customers.

Developing effective channels for customer communications and customer care programmes.

Digital platforms for effective customer relationships to include email marketing for mobile devices, online chat and forums for real time responses and solutions, online testimonials and ratings and use of social media.

Transnational sales:

Defining transnational sales and considering why start-up and small firms internationalise.

Preparing to sell and source transnationally and application of the stage model of internationalisation.

The process of exporting and key considerations.

L03 Develop and analyse a cash flow forecast, budget and break-even analysis and interpret key financial statements

Sources of finance for start-up and small businesses:

The main sources of finance for start-up and small businesses, including own savings, equity finance or loans from family and friends, bank loans and overdrafts, leasing and hire purchase, invoice factoring.

Forecasting and budgeting:

Techniques for forecasting and budgeting: using time series data, calculating a moving average, finding a trend, dealing with seasonality

Developing budgets, including 'What-if' sensitivity analysis.

Using budgets for performance monitoring and control.

Variance analysis.

Break-even analysis.

Financial statements for a small business:

The key financial statements that are required for a small business and how to interpret them.

The difference between profit and cash and the vital importance of cash flow for a small business/social enterprise.

The elements of working capital and how to manage cash flow effectively.

L04 Discuss the implications of regulation and legislation on a small business or social enterprise

Legal and regulatory issues:

The legal and regulatory issues applicable to a small business in the country it is registered: record keeping, tax and employment, health and safety, insurance, data protection and cybersecurity measures.

Examples of regulatory issues that may apply to different business types, different products or services and different localities such as environmental and waste regulations, professional practice guidelines, and local planning restrictions.

The potential sources of information to determine applicable regulation.

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
<p>LO1 Discuss how a small business or social enterprise plans and allocates resources to achieve objectives</p>		<p>D1 Critically analyse the application of appropriate resources to demonstrate links between resource allocation and achievement of business objectives.</p>
<p>P1 Discuss the main considerations a small business or social enterprise needs to address when planning and allocating resources to achieve business objectives.</p>	<p>M1 Apply relevant tools and techniques in a structured and analytical way to plan and allocate resources in an organisational context.</p> <p>M2 Assess the importance of planning and allocating resources to achieve the business objectives.</p>	
<p>LO2 Explain and evaluate the customer relationship management process for a small business or social enterprise, including understanding the benefits and challenges of transnational operation</p>		<p>D2 Critically evaluate the customer relationship management process at all stages and provide recommendations for overcoming challenges of developing transnational operations.</p>
<p>P2 Explain and evaluate different processes of customer relationship management for a small business or social enterprise.</p> <p>P3 Explain how a small business can develop transnationally and determine the benefits and drawbacks.</p>	<p>M3 Apply and evaluate the elements of the customer relationship management process in relation to achieving business objectives.</p> <p>M4 Evaluate the potential to develop transnational operations using the stage model of internationalisation, assessing both benefits and challenges.</p>	

Pass	Merit	Distinction
<p>LO3 Develop and analyse a cash flow forecast, budget and break-even analysis and interpret key financial statements</p>		<p>D3 Produce an accurate cash flow forecast and break-even analysis with a critical evaluation of how key financial statements contribute to the successful management of the business.</p>
<p>P4 Produce an annual itemised monthly cash flow forecast showing fixed and variable costs set against income for a specific organisation.</p> <p>P5 Explain how break-even analysis could be applied to an organisational situation.</p> <p>P6 Interpret key financial statements for an organisation in relation to how they contribute to the successful management of the organisation.</p>	<p>M5 Apply appropriate quantitative and analytical techniques to provide an appropriately detailed cash flow forecast and break-even analysis.</p>	
<p>LO4 Discuss the implications of regulation and legislation on a small business or social enterprise</p>		<p>D4 Critically evaluate key legislation and regulations that affect small businesses or social enterprise organisations, taking future developments and changes into account.</p>
<p>P7 Discuss key legislation and regulations that have implications on small businesses or social enterprises.</p>	<p>M6 Evaluate the implications of key legislation and regulations in an organisational context.</p>	

Recommended Resources

BLANCHARD, K., ONCKEN, W. and BURROWS, H. (2011) *The One Minute Manager Meets the Monkey*. London: Harper Collins.

BURNS, P. (2011) *Entrepreneurship and Small Business*. 3rd Ed. Basingstoke: Palgrave MacMillan.

BURNS, P. (2014) *New Venture Creation: A Framework for Entrepreneurial Start-ups*. Basingstoke: Palgrave MacMillan.

RIES, E. (2011) *The Lean Start-up*. London: Penguin Books.

WALL, S., CODAY, C. and MITCHELL, C. (2014) *Quantitative Methods for Business and Management: An Entrepreneurial Perspective*. Harlow: Pearson Education.

WILLIAMS, S. (2015) *Financial Times Guides: Business Start-up 2015*. Harlow: Pearson Education.

Journals

Journal of Small Business Management. Oxford: Wiley-Blackwell
[http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1540-627X](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1540-627X)

The Institute for Small Business and Entrepreneurship (ISBE) website:
www.isbe.org.uk

Links

This unit links to the following related units:

Unit 3: Human Resource Management

Unit 5: Management Accounting

Unit 7: Business Law

Unit 10: Financial Accounting

Unit 19: Resource and Talent Planning

Unit 38: Customer Value Management

Unit 42: Planning for Growth

Unit 43: Tapping into International Markets