

Unit 18: Managing Business Opportunities

Unit code:	H/504/4379
QCF level:	6
Credit value:	15

Aim

This unit aims to broaden the abilities of the learner by developing skills for the strategic management of a business in the construction industry. Learners will also gain skills in application, analysis, synthesis and evaluation to help determine the scope and direction of a business unit.

Unit abstract

The nature of entrepreneurship and the entrepreneurial process is explored to maximise business opportunities. This requires strategic management to provide vision and direction for the venture using market research methods. From this strategy the business plan is formulated taking account of any legal, financial and ethical issues.

The business plan is analysed and resource implications extracted to allow financial statements of a range of business entities. Businesses are regulated so the roles of external auditors and the development of accounting standards are considered. Ethical and social standards are explored using budgetary control procedures and performance evaluation. This is to maintain the financial viability of the business.

Maintaining agreed quality standards is crucial for the business unit. Assessment of declared quality measures has to be achieved, and quality management forms part of the unit's learning outcomes. The learner will explore lean philosophy to improve business operations through quality improvement programmes and devise quality change systems to improve organisational performance.

Learning outcomes

On successful completion of this unit a learner will:

- 1 Be able to prepare strategic plans for a business unit
- 2 Be able to apply principles and techniques of management accounting to a given business
- 3 Be able to use lean methods to improve the management of business operations in an organisation.

Unit content

1 Be able to prepare strategic plans for a business unit

Strategic planning: purpose (mission, vision, intent, objectives, goals, core competencies, architecture, control, competition); client needs; competitive advantage; strategic planning process (growth-vector matrix, portfolio analysis); technique (informal, top-down, bottom-up, behavioural, directional policy matrices); stakeholder analysis

Organisational audit: organisational auditing; benchmarking; SWOT analysis; product positions; value-chain analysis; demographic influences; scenario planning; synergy culture and values

Environment audit: political, economic, socio-cultural, technological, legal and environmental factors; threats and opportunities in respect of economic policy, procurement, market intelligence, innovation

Market conditions: conditions (power of buyers, the power of suppliers, the threat of substitutes, competitive rivalry and collaboration); construction markets (evolution of the construction industry, changes from local to global, changes in structure to reflect market changes, construction clients)

Responses: positioning, e.g. growth, stability, profitability, efficiency, market leadership, survival, mergers and acquisitions, expansion; marketing management (market orientation, relationship between market strategy and organisational structure, marketing mix of product, price, promotion and distribution, particularly the application to construction organisations)

Public policy: general effect of economic policies such as fiscal and monetary policy; policies affecting particular construction markets, e.g. sustainable energy policy; industrial sector policies, e.g. manufacturing, construction markets

2 Be able to apply principles and techniques of management accounting to a given business

Management accounting data: financial ratios e.g. profitability, liquidity, and solvency; return on capital employed and its components; types of costs (materials, labour, overheads, direct, indirect, fixed, variable, semi-variable); costing methods (job, process, contract, service); accounting statements (operating statement, reconciliation of budgeted and actual results, year end, budgets, balance sheet, profit and loss account, cash flow analysis); sources of finance, e.g. short-term borrowing and trade credit, long-term borrowing and share issues, capital structure, financial gearing and the balance between borrowed funds and owners' funds

Changes to capital structure: the payments chain and its effect on profitability and liquidity; impact of different types of revenues and costs on financial objectives; investment appraisal techniques, e.g. payback times, discounted cash flow

Forecasting and budgeting: budgetary planning and control; short-term liquidity; long-term profitability

3 **Be able to use lean methods to improve the management of business operations in an organisation**

Economic environment: environment, e.g. interest rates for borrowing, exchange rate, inflation, stamp duty; relevant government policies

Total Quality Management (TQM): benefits, e.g. management of resources effectively to offer timely responses to demand and the market, speed up projects whilst increasing profitability, high customer satisfaction, reduced rework, elimination of waste, specification of value, value stream, identified work flows, continuous improvement; problems, e.g. inadequate knowledge and information about TQM, communication, insufficient training resources; construction-related problems, highly fragmented, instability, recession susceptibility, low productivity, lack of standards, how to define and measure quality in construction, the bidding process, profit margins

Business practices of UK and global organisations: e.g. design considerations; procurement; production planning; logistics; quality management issues; effective communication; training; teamwork; multi-skilling; monitoring; progress; flexibility; motivation; engagement; right first time

Lean construction methods: principles; philosophy; definition; background; elimination of waste; precisely specify value from the perspective of the client; the value stream; customer pull, don't make anything until it is needed, then make it quickly; pursue perfection by continuous movement; lean tools, e.g. Choosing By Advantage (CBA), Building Information Modelling (BIM) (Lean Design), Process Design (Lean Design including off-site fabrication), Just in Time (JIT) (lean supply), Value Chain Mapping (lean assembly), Visual Site (lean assembly)

Business organisation: design (visualisation techniques, Value Management, integrated design and build arrangements, close cooperation, supply chain management, standardisation, pre-assembly, quality assurance); procurement (supply chain management, transparency, waste elimination, contracts, agreements); production planning (benchmarking, best practice, production methods, stable project programme, critical activities, risk management); logistics (just-in-time delivery, transportation, handling, storage, waste, quality control, relationship to the payments chain)

Learning outcomes and assessment criteria

Learning outcomes On successful completion of this unit a learner will:	Assessment criteria for pass The learner can:
LO1 Be able to prepare strategic plans for a business unit	1.1 Analyse the strategic planning process of a business organisation 1.2 Produce organisational and environmental audits for a given organisation 1.3 Analyse a business organisation’s response to a set of market conditions 1.4 Analyse the effect that a given type of public policy will have on a particular construction business
LO2 Be able to apply principles and techniques of management accounting to a given business	2.1 Analyse management accounting data from relevant financial statements of a given business 2.2 Justify changes to capital structure to enable the achievement of the financial objectives of a business organisation 2.3 Prepare a forecast and budget plan for a new market venture
LO3 Be able to use lean methods to improve the management of business operations in an organisation	3.1 Evaluate the impact that the economic environment and government policies have on a specific organisation’s business activities 3.2 Analyse the impact of total quality management in the context of a business organisation 3.3 Critically evaluate the business practice of a UK construction business compared with that of a global competitor 3.4 Devise lean construction methods for a business organisation considering product and geographical diversification

Guidance

Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

Level 4	Level 5	Level 6
Unit 1: Design Principles and Application for Construction and the Built Environment (D/601/1245)	Unit 4: Management Principles and Application for Construction and the Built Environment. (T/601/1249) Unit 14: Economics for Construction and the Built Environment. (J/601/1272)	Unit 8: Construction Financial Management (K/504/4352) Unit 10: Asset Management in Construction and the Built Environment (T/504/4354) Unit 19: Managing Resources for Project Work (Y/504/4380) Unit 20: Critical Evaluation Management (D/504/4381)

This unit has been informed by the following National Occupational Standards:

- COSBED4C04 Develop and maintain professional relationships and practice
- COSBED4O05 Investigate and assess development options
- COSCCOL4C03 Chair meetings and take decisions
- COSCCOL4O11 Implement strategic and integrated supply chain management and sourcing partnerships.

Essential requirements

There are no essential requirements for this unit.

Delivery

Delivery could follow a sequence of activities. The first period of delivery should occupy about half the allocated tutor contact time and introduce all learning objectives so that learners have a basic understanding in preparation for assessment. It is expected that learners would read widely and begin to place the material in the context of the business which they are going to report on. Developing from this work, learners should be able to consult on an individual basis with tutors regarding the choice of business to report on and how to go about it. Learners could present their findings to the rest of the class, and this should encourage a discussion among learners so that they can share experiences.

Assessment

Assessment for this unit should be evidenced through research and case study analysis. A range of assessment methods could be used, for example the production of a business plan, presentations, essays and group discussion. All evidence presented must support achievement of all intended assessment criteria.

The evidence for assessment could be presented in three parts:

- an essay type assignment to test understanding of the learning outcomes
- preparation of an outline business plan to present to fellow learners
- final writing up of the plan.

Resources

Books

Davies R and Davies A – *Value Management* (Gower, 2011)
ISBN 978-1409409557

Dyson J R – *Accounting for Non-accounting Students* (Pearson Education, 2010)
ISBN 978-0273722977

Peterson and Steven J – *Construction Accounting and Financial Management*
(Pearson, 2012) ISBN 978-0132675055

Sullivan G, Barthorpe S and Robbins S – *Managing Construction Logistics*
(Wiley-Blackwell, 2010) ISBN 978-1405151245

Watson P and Howarth T – *Construction Quality Management* (Routledge, 2011)
ISBN 978-0415569118

Fliedner E B – *Lean Management* (Business Expert Press, 2011)
ISBN 978-1696492475

Journals and magazines

Building Magazine (CIOB)

Construction Manager (CIOB)

Construction Research and Innovation (CIOB)

Inside Housing (Ocean Media)

Construction News (EMAP)

Construction Journal (RICS)

Websites

www.aecb.net	Association for Environmentally Conscious Building
www.building.co.uk	<i>Building Magazine</i>
www.bre.co.uk	Building Research Establishment
www.ciob.org.uk	Chartered Institute of Building
www.constructingexcellence.org.uk	Constructing Excellence in the Built Environment
www.homesandcommunities.co.uk	Homes and Communities Agency
www.ice.org.uk/	Institution of Civil Engineers
www.jctcontracts.com/	Joint Contracts Tribunal
www.leanconstruction.org/lcj/lcj.html	Lean Construction Journal
www.rics.org/	Royal Institution of Chartered Surveyors
www.ukgbc.org/	UK Green Building Council
www.ukti.gov.uk/export/sectors/construction.html	UK Trade and Investment – Construction (including international business opportunities)