

## Unit 22: Doing Business Online

Unit code:	Y/601/5083
QCF Level 2:	BTEC Specialist
Credit value:	10
Guided learning hours:	60

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### Aim and purpose

The aim of this unit is to enable learners to know the activities of online businesses and how to plan an online presence, and to understand the operation of and potential benefits of doing business online.

### Unit introduction

More and more businesses are working towards or achieving an online business presence, making the most of rapidly developing technology and the opportunities it offers. In this unit, learners will be introduced to some of the types of online business activity, ranging from websites as merely passive information to those offering interactive product customisation and online buying.

Small online businesses using a single website can reach the same global market as a much larger business with a more complex web presence. The cost of marketing and advertising is greatly reduced and expensive retail outlets in prime locations are not needed. The business is available to customers around the clock every day of the year. Online business is particularly attractive to small, specialised businesses that might otherwise have difficulty reaching a specialised but global market. Learners will explore the benefits of having an online presence along with potential difficulties and consider the extent to which an online presence would assist with the achievement of business aims and objectives.

The market is growing, with the increasing ownership of personal computers and the growing number of internet users. Many businesses routinely quote a web address for customer ordering. Online business has a particular attraction for people who cannot travel easily to a conventional retail outlet due to problems of mobility or isolation.

The unit also considers the potential problems. Setting up an online business requires a great deal of expertise, although specialised software is making this easier. The website has to be maintained and updated constantly. Having received orders there is a considerable distribution problem to be faced together with the means of accepting payments. If there is to be a global presence, language is a problem that has to be overcome.

When learners have completed the unit they should have an appreciation of how websites are planned for and operated.

## Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

### On completion of this unit a learner should:

Learning outcomes	Assessment criteria
1 Know about different online business activities	1.1 describe online business activities
2 Know what to consider when setting up an online business	2.1 outline the planning issues to consider when setting up a business online 2.2 describe the potential risks to an organisation when operating online
3 Understand the operation of an online business	3.1 explain the operational and financial issues for an online business
4 Understand the benefits of an online business presence	3.2 explain how small businesses can benefit from a web presence

## Unit content

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### 1 Know about different online business activities

*Activities:* range eg retail, commercial services, government services, information, internet services, advertising, marketing, education

*Websites types:* online services eg online banking, music downloads; offline services eg mail order; interactive services eg digital image processing tools, blogs, wikis; informational eg news websites

### 2 Know what to consider when setting up an online business

*Planning:* deadlines, budget, domain name, resources eg in-house, outsourced, software, hardware, staff expertise; extent of operations eg informational, partial interactivity, full interactivity; identify risks

*Risks:* IT failure eg hardware, software, data loss; global selling eg labelling, language, liabilities, unfamiliar trading conditions; customer risk eg payment security, ordering errors, losing information; hostile attack eg denial of service, website hijacking, fraud

### 3 Understand the operation of an online business

*Operational issues:* staffing eg potential outsourcing of key functions, call centres; maintenance eg when, who; review points; dealing with service breakdowns; partner relationships eg financial services, distribution, deliveries; customer liaison; updates eg user specification, service levels; distribution of goods eg scaling up, cost, fragile goods; service distribution eg online insurance quotes, booking flights, hotel rooms

*Financial issues:* initial investment eg hardware, software, adaptation; set-up expenses, uncertain revenue; international tax liabilities

### 4 Understand the benefits of an online business presence

*Marketing benefits:* market research; new market access eg remote locations, poor transport links, customers with disabilities; device access eg computers, mobile phones, interactive TV; level of response eg delivery-to-door, rapid fulfilment, order tracking

*Market presence:* global presence; 24-hour visibility; equality of presence; rapid customer response; analysis opportunities eg customers, rivals

*Financial benefits:* low-cost location; low-cost labour; low overheads; rapid payment; no cash handling; ease of entry; reduced stockholding

## Essential guidance for tutors

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### Delivery

The delivery suggestions below are in the same logical order as the learning outcomes of the unit content. Some tutors may prefer to vary the sequence to meet more closely the needs of their particular learners.

There is very little practical IT in this unit, although much internet research can be included.

Delivery can start with a brief introduction to the topic by looking at the variety of sites available on the internet. The approach might be to say 'Look at all these different sites which do trading on line in many different products; so what is this all about? That is what we are going to find out in this unit.' An example exercise might be for learners to search the internet to find 10 different sites which do some sort of business on line. Their list should be as diverse as possible to cover the range suggested in learning outcome 1. Learners can arrange their list of sites, grouping them by type.

The next topic deals with the organisational sectors represented on the internet. Learners can add sector to their list of sites and enter the appropriate sector alongside each. They can search the internet and add sites to the list if there are any gaps in the sectors represented.

To consider planning learners could be given a group exercise to plan their own websites and come up with ideas on what they need to think about. It is unlikely all the elements suggested in learning outcome 2 will come out the exercise but with internet research and discussions a comprehensive list can be achieved. Research and discussion should also address potential risks fairly thoroughly.

Operational and financial issues will need case studies to support the theory and, if at all possible, a visiting speaker would bring this to life – perhaps the centre's own website development/maintenance staff.

The final major section of delivery deals with the benefits of online business. When considering market presence, one idea is to try to find out what learners know, or think they know, about the importance of market presence. In groups they could formulate a master statement on the issue, feed back to the class and combine the statements into a class master statement, and then tutor-led discussions and presentations help to form and expand that statement into something which meets with actuality.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments. The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
<b>Introduction to the unit</b>
<p><b>Different online business activities:</b></p> <ul style="list-style-type: none"> <li>• whole-class exercise – tutor presentation on the range of online business using example sites</li> <li>• whole-class exercise – tutor presentation on sectors of activity illustrated by different sites</li> <li>• directed research – learners find different types of business website.</li> </ul>
<b>Assignment 1 - Do Websites Just Sell Things?</b>
<p><b>Setting up an business presence online:</b></p> <ul style="list-style-type: none"> <li>• whole-class exercise – tutor presentation on basic planning issues</li> <li>• whole-class exercise – tutor presentation on potential risks</li> <li>• individual exercise – learners research a suitable organisation to understand its staffing</li> <li>• directed research and exercises.</li> </ul>
<b>Assignment 2 - What do We Need to Consider?</b>
<p><b>How to operate an online business:</b></p> <ul style="list-style-type: none"> <li>• whole-class exercise – tutor presentation or fact sheets addressing operational risks</li> <li>• whole-class exercise – quiz or gapped handouts on finance issues for online businesses</li> <li>• directed research – from a tutor-supplied case study of an online business.</li> </ul>
<b>Assignment 3 - How Will We Run the Website?</b>
<p><b>The benefits of an online business presence:</b></p> <ul style="list-style-type: none"> <li>• individual exercise – learners list what is important about an online market presence</li> <li>• whole-class exercise – tutor presentation on marketing benefits</li> <li>• whole-class exercise – class debate on what constitutes the correct level of response</li> <li>• individual exercise – how do online businesses make money where off-line businesses cannot?</li> </ul>
<b>Assignment 4 - What are the Benefits Going to Be?</b>

## Assessment

It is suggested that this unit is by four assignments as summarised in *the Programme of suggested assignments* table which follows this guidance.

For 1.1, learners must describe different types of business website, with reference to the list in learning outcome 1. The businesses behind the websites should be as diverse as possible. Note that learners must describe both the business, and its activities online; 'X is a banking organisation which is involved in lending and investing money' might be a simple description, whereas 'they allow online banking where customers can move money between accounts, pay bills and arrange loans online' is a simple statement of activity. This is only an illustration; learners would be expected to add a little more to the descriptions than these simple statements but they give the general flavour of what is required. Producing an information leaflet(s) would be suitable evidence for this criterion, or as suggested in the programme of suggested assignments table it could be part of a presentation.

For 2.1, learners should describe the planning issues that need to be considered by a business moving into online operation. Learners need to focus on the content of learning outcome 2 when preparing the evidence for this criterion. A leaflet or blog or any other format could be used to present the evidence.

For 2.2, learners must describe the potential risks to an online operation. Straightforward simple descriptions are all that are required for this criterion. It is suggested that, assuming learners has knowledge of the subject, a set of draft web pages, or a blog, would be suitable ways of providing evidence. It is suggested that this criterion is evidenced with 2.2.

For 3.1, learners must explain the issues in operation of an online business as stated in the prescriptive content of learning outcome 3. The learner is expected to explain in their own words the majority of the prescriptive content of each. Learners must address each of operational and financial issues to be awarded the criterion. As there is quite a lot of content, this is suggested as separate presentation, which could be in any format.

For 4.1, learner needs to explain in their own words the benefits to small businesses of having an online presence. A 'persuasive' presentation would be a good vehicle as it could cover PLTS criteria.

**Programme of suggested assignments**

The table below shows a programme of suggested assignments that cover the assessment criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Edexcel assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
1.1	Do Websites Just Sell Things?	The managers of a small business have asked for a report on e business and a recommendation for their company.	Presentation.
2.1, 2.2	What do We Need to Consider?	Managers are cautious. They want to know the risks and planning issues involved in going online.	Leaflet.
3.1	How Will We Run the Website?	Management now feels keen, but need to know about the operational and financial issues.	Draft web pages. Wiki/blog.
4.1	What Are the Benefits Going to Be?	Before finally committing to a web presence the management want to know what the benefits will be.	Report.

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

This unit forms part of the BTEC in IT sector suite. This unit has particular links with:

Level 1	Level 2	Level 3
	Supporting Organisations with IT	Impact of the use of IT on Business Systems
		e-Commerce

This unit maps to some of the underpinning knowledge from the following areas of competence in the Level 2 National Occupational Standards for IT (ProCom):

7.11 Supplier Management.

**Essential resources**

Tutors must ensure that all learners have access to the internet. They must also develop a bank of case study materials that link aspects of learning to internet sites so that learners can extend their research in an orderly fashion.

Tutors should explore local businesses and establish a directory of internet addresses for local organisations. This will enable learners to carry out research both online and face-to-face with local owners and managers, to develop their understanding of the implications of online business.

There is a range of organisations that may be able help centres to engage and involve local employers in the delivery of this unit, for example:

- Learning and Skills Network – [www.vocationallearning.org.uk](http://www.vocationallearning.org.uk)
- Local, regional business links – [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- National Education and Business Partnership Network – [www.nebpn.org](http://www.nebpn.org)
- Network for Science, Technology, Engineering and Maths Network Ambassadors Scheme – [www.stemnet.org.uk](http://www.stemnet.org.uk)
- Work-based learning guidance – [www.aimhighersw.ac.uk/wbl.htm](http://www.aimhighersw.ac.uk/wbl.htm)
- Work experience/workplace learning frameworks – Centre for Education and Industry (CEI University of Warwick) – [www.warwick.ac.uk/wie/cei](http://www.warwick.ac.uk/wie/cei)

## Indicative reading for learners

### Textbooks

Anderton A – *GCSE Business Studies* (Causeway Press, 2004) ISBN 1873929846

Cumming T – *Little E, Big Business, How to Make a Profit Online* (Virgin Books, 2001)  
ISBN 0753505428

Fardon M, Nuttall C and Prokopiw J – *GCSE Applied Business* (Osborne Books, 2002)  
ISBN 1872962327

Holden G – *Starting an Online Business for Dummies, 5th Edition* (John Wiley & Sons;  
(10 April 2007) ISBN 0470107391

Wall J and Wales N – Nuffield – *BP Business and Economics for GCSE, Second Edition*  
(Collins, 2001) ISBN 000711639X

### Websites

[www.bytestart.co.uk/content/15/15\\_2/online-business-start-up-guide.shtml](http://www.bytestart.co.uk/content/15/15_2/online-business-start-up-guide.shtml)

[www.independent.co.uk/money/how-to-start-your-own-internet-business-461031.html](http://www.independent.co.uk/money/how-to-start-your-own-internet-business-461031.html)

[www.oncallgeeks.com](http://www.oncallgeeks.com)

**Functional Skills – Level 2**

Skill	When learners are ...
<b>ICT - Developing, presenting and communicating information</b>	
Combine and present information in ways that are fit for purpose and audience	presenting detailed recommendations for a business considering going online.