Level 3 Award in Measuring and Improving Business Performance

Effective from: 1 September 2010
INTRODUCTION

Education Development International (EDI) is a leading international awarding body that was formed through the merger of the London Chamber of Commerce and Industry Examinations Board (LCCI) and a leading online assessment provider GOAL. EDI now delivers LCCI International qualifications (LCCI IQ) through a network of over 5000 registered centres in more than 120 countries worldwide. Our range of business-related qualifications is trusted and valued by employers worldwide and recognised by universities and professional bodies.

Level 3 Award in Measuring and Improving Business Performance

Aims

The aims of the qualification are to develop candidates’ understanding of:

- the concept of performance measurement and its importance
- the financial and non-financial performance measures/indicators that may be used in a performance measurement system
- the models that may be used in performance measurement and improvement, and their usefulness
- the management and business practices that may be used to improve business performance

The unit within this qualification is accredited on the QCF in the UK; Accreditation Ref: R/R/602/5370. The unit has a credit value of 4.

Target Audience and Candidate Progression

This qualification is suitable for people who wish to develop a general understanding of performance measurement and business improvement techniques in order to broaden their career opportunities and progression. It is particularly suitable for people who currently hold management positions or those aspiring to such positions.

This qualification can be taken as a standalone qualification or as part of the Level 3 Specialised Diploma in Managerial Accounting, Level 3 Specialised Diploma in Accounting and Finance or the Level 3 Specialised Diploma in Cost Accounting.

English requirements

There are no formal entry requirements for this qualification. However, candidates should have a minimum level of English equivalent to the LCCI Level 2 English for Business or JETSET 4 - (Council of Europe B1/Threshold) to meet the communication requirements for this qualification.
Structure of the qualification

The Level 3 Award in Measuring and Improving Business Performance is a single unit qualification which covers the following key areas:

1. Importance of Measuring Business Performance
2. Performance Measures
3. Performance Measurement and Improvement Models
4. Business Improvement Practices
5. Management Information Systems (MIS) in Business Improvement
6. Contribution of Management and Staff to Business Improvement

Guided Learning Hours

EDI recommends that 30 - 50 Guided Learning Hours (GLHs) provide a suitable course duration for an ‘average’ candidate at this level. This figure includes direct contact hours as well as other time when candidates’ work is being supervised by teachers. Ultimately, however, it is the responsibility of training centres to determine the appropriate course duration based on their candidates’ ability and level of existing knowledge. EDI’s experience indicates that the number of GLHs can vary significantly from one training centre to another.

ASSESSMENT

Assessment Objectives

The examination will assess the candidate’s ability to demonstrate an understanding of:

- the nature of business performance measurement and its importance
- the different financial and non-financial measures and models that may be used in performance measurement and improvement
- the management and business practices that may be used to improve business performance
- how management information is used in monitoring business performance
- how management and staff can contribute to improving business performance.

Assessment Format

The qualification is assessed by a paper-based multiple-choice test, which consists of 30 questions covering all six areas of the syllabus. The time allowance for the test is 60 minutes. The exam is available on demand.

All multiple-choice tests must be carried out in accordance with the Examination Guide for LCCI Centres and the Examination Regulations, which is sent to centres with the exam papers.
Coverage of Key Syllabus Areas in the Examination

The multiple-choice test will cover the key syllabus areas as follows:

<table>
<thead>
<tr>
<th>Syllabus areas</th>
<th>Approximate weighting of question allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Importance of Measuring Business Performance</td>
<td>10%</td>
</tr>
<tr>
<td>2 Performance Measures</td>
<td>30%</td>
</tr>
<tr>
<td>3 Performance Measurement and Improvement Models</td>
<td>30%</td>
</tr>
<tr>
<td>4 Business Improvement Practices</td>
<td>10%</td>
</tr>
<tr>
<td>5 Management Information Systems (MIS) in Business Improvement</td>
<td>10%</td>
</tr>
<tr>
<td>6 Contribution of Management and Staff to Business Improvement</td>
<td>10%</td>
</tr>
</tbody>
</table>

Answer Format

For each of the 30 multiple-choice questions candidates must mark A, B, C or D on the Candidate Answer Sheet, using a HB pencil. Only one answer must be marked for each question and the answer circle must be completely shaded.

Mark Allocation

The multiple-choice test is marked objectively and each question is equally weighted. One mark is allocated to each correct answer. EDI rigorously edits all multiple-choice items and test papers to ensure their quality and consistency.

Certification

Successful candidates will be awarded the Level 3 Award in Measuring and Improving Business Performance based on the achievement of the marks and grades below:

- **Pass** 18 – 23 marks
- **Merit** 24 – 27 marks
- **Distinction** 28+ marks

Centres will receive certificates within a maximum of 6 weeks of the receipt of the OMR answer sheets at EDI.
Recommended Reading List and Support Materials

Reading List

<table>
<thead>
<tr>
<th>Title</th>
<th>Authors(s)</th>
<th>Publisher</th>
<th>ISBN Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Studies: A-Level Study Guide</td>
<td>Barry Brindley, Martin Buckley</td>
<td>Pearson Education</td>
<td>0-582-43175-1</td>
</tr>
<tr>
<td></td>
<td>J Chambers, &amp; D Gray</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AQA Business Studies for AS (Marcouse Edt.)</td>
<td>I Marcouse, M Surridge, N Watson, A Hammond</td>
<td>Hodder Education</td>
<td>978-0340958643</td>
</tr>
<tr>
<td>3rd Edition</td>
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Support Material

Sample multiple-choice questions and answers are available on the qualification page of the website. A Teachers' Toolkit will also be available on the qualification page of the website – centres will need to login before they can access this.

How to offer this qualification

To offer this qualification you must be an LCCI IQ registered examination centre. To gain centre approval please contact Customer Support on 08700 818008 between the hours of 0830 and 1700 (GMT) Monday to Friday or by email on centresetupport@ediplc.com.

Alternatively you may contact your Regional LCCI Office or Co-ordinating Authority.
## Level 3  Measuring and Improving Business Performance

<table>
<thead>
<tr>
<th>Learning outcomes</th>
<th>Assessment criteria</th>
<th>Indicative content</th>
</tr>
</thead>
<tbody>
<tr>
<td>The learner will:</td>
<td>The learner can:</td>
<td></td>
</tr>
<tr>
<td>1. Understand the nature of business performance and its importance.</td>
<td>1.1 State reasons why it is important to measure business performance.</td>
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<tr>
<td></td>
<td>1.2 Explain how Key Performance Indicators (KPIs) help in performance measurement.</td>
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<td></td>
<td>1.3 Explain the contribution of target-setting to the performance measurement process.</td>
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<tr>
<td>2. Understand the measures that may be used in a performance measurement system.</td>
<td>2.1 Explain the difference between ‘financial’ and ‘non-financial’ performance measures.</td>
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<tr>
<td></td>
<td>2.2 Describe a range of key financial performance measures/indicators.</td>
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<tr>
<td></td>
<td>2.3 Describe a range of non-financial performance measures/indicators.</td>
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<td></td>
<td>2.4 Explain the difference between ‘leading’ and ‘lagging’ performance measures, giving examples.</td>
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**Indicative content**

### Financial performance indicators: profitability; liquidity; collection period; inventory turnover; bad debts

### Non-financial performance indicators: Human resource development; leadership effectiveness; customer satisfaction, retention and growth; product/service quality and innovation; brand image and reputation; labour turnover rate; absenteeism rate
3. Understand the models that may be used in performance measurement and improvement systems and their usefulness to a business.
   - 3.1 Describe the Balanced Scorecard framework.
   - 3.2 Explain why the Balanced Scorecard framework is an important tool in measuring business performance.
   - 3.3 Describe the principles of Total Quality Management (TQM).
   - 3.4 Explain how an effective Total Quality Management system can impact on the performance of a business.

Diagram including the four perspectives: Financial; Internal business process; learning and growth; customer

Principles: customer focus and feedback (internal & external); leadership; involvement of all staff; process approach; continual improvement

4. Understand the different practices by which business performance can be improved.
   - 4.1 Describe a range of management and business practices which can be used to improve business performance.
   - 4.2 Explain the difference between monitoring and forecasting as applied to business performance.

Staff development and training; multi-skilling; good customer service; teamwork

5. Understand the role and importance of management information in monitoring business performance.
   - 5.1 Explain the functions of a management information system (MIS).
   - 5.2 Analyse how management information can assist in decision-making and improving business performance.

6. Understand the contribution of managers, teams and the individual to business performance.
   - 6.1 Describe the advantages of organising staff into work groups and teams.
   - 6.2 Identify the ways in which an individual can contribute towards the achievement of business targets and objectives.
   - 6.3 Describe the advantages of staff appraisal for the individual and the manager.

Willingness to participate; personal development/effectiveness; good customer service skills