

## Section B1

# Starting a business

### B1.1 Eggxactly

Aims	Resources and references
To help learners start thinking about entrepreneurship and a project that might involve making an artefact	A short DVD clip of the TV programme <i>Dragons' Den</i> would help set the scene, though it is not essential. See: <a href="http://www.bbc.co.uk/dragonsden/">http://www.bbc.co.uk/dragonsden/</a>
To set the scene for carrying out a feasibility study	A download of the Eggxactly website would also add interest: <a href="http://www.eggxactly.com/">http://www.eggxactly.com/</a>
Lesson outline	
Dragon's Den (10 min) Activity B1.1 Be a dragon (30 min)	

#### ◆ *Dragons' Den* (10 min)

The five lessons in this section are chiefly concerned with carrying out a feasibility study for a new business. A feasibility study can produce an excellent assignment. It forces learners to undertake the types of research and analysis most likely to generate high marks. Examiners are inevitably won over by initiative, enterprise and hard work. A feasibility study is hardly possible without all of these qualities.

The 'story' of the Eggxactly egg cooker will probably generate some general discussion. Points to note include:

- Designing and making a novel device could form the basis for an Artefact project.
- When making an oral presentation, even experienced people can get nervous, and thorough preparation is vital.
- Successful business involves more than just having a good idea.
- Financial investors need to be convinced of the viability of a business.

### Activity B1.1 Be a dragon (30 min) IE CT E

The questions posed in this activity focus on the business of marketing a novel invention. They are intended to alert learners to some of the issues that they would need to address in a business-related project, which could involve making and marketing an artefact.

You could ask learners to jot down their individual responses to the questions and then discuss them in a group. Alternatively, you could spend about ten minutes on a general class discussion of each question in turn and then, in

private study time, learners could write their own responses based on the discussion and their own ideas.

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## B1.2 Bright ideas

Aims	Resources and references
To help learners generate business ideas	Packets of Maltesers  Large sheets of paper (e.g. flip charts) and pens
Lesson outline	Access to the <i>Franchise World Directory</i> (see <a href="http://www.franchiseworld.co.uk/">http://www.franchiseworld.co.uk/</a> )
Deliberate creativity (5 min) Activity B1.2 Deliberate creativity (15 min) Getting started (5 min) Activity B1.3 Bright ideas (15 min + homework)	

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### ◆ Deliberate creativity (5 min)

This lesson is about generating ideas for a business. You will probably only need to give a short introduction to Activity B1.2.

## Activity B1.2 Deliberate creativity (15 min)

### TW CT EP

You might like to provide Maltesers to add to learners' enjoyment of this activity. After the group discussions, a short plenary will help focus thinking before the next activity.

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### ◆ Getting started (5 min)

The next activity follows from the previous one and will probably not need much introduction.

## Activity B1.3 Bright ideas (15 min + homework)

### IE SM E

In this activity, learners identify some possible ideas for new businesses, based on the advice given in the text and the process experienced in Activity B1.2. Ideally, they will continue to think about these ideas outside the lesson time. They will need to keep a record of their ideas for development in future lessons.

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## B1.3 Starting a business

In this and the following two lessons, learners carry out a feasibility study for a business. The timings for the activities are approximate and they will probably need significant amounts of private study time and/or additional lesson time.

Aims	Resources and references
To help learners begin a feasibility study for a new business	Copies of Yellow Pages and Thomson Local (or other local business directories)
To introduce the ideas of geographical and market mapping	Maps of the local area Materials for marking maps (e.g. pins, self-adhesive coloured dots)
Lesson outline	
Feasibility study (5 min) Developing your idea (5 min) Activity B1.4 Mapping the opportunities (30 min + homework)	

### ◆ Feasibility study (5 min)

Following from Lesson B1.1, you might want to follow the *Dragons' Den* scenario, i.e. put learners in the position of making their pitch to a group of hard-nosed investors.

A feasibility study is an investigation into the financial viability of a business proposal. In this context, it is a study of whether a new business could be successful. Learners usually carry out a feasibility study when they have no direct business contact to utilise; therefore, they need to be guided towards a project that can be researched independently.

### ◆ Developing your idea (5 min)

The text outlines two key elements of initial research for a business: geographical and market mapping. The latter might need some discussion and explanation before learners embark on mapping their own proposal.

## Activity B1.4 Mapping the opportunities (30 min + homework)

IE SM RL E

This activity will need considerably longer than 30 minutes. Learners could make a start during lesson time and then complete it during private study time. Alternatively, you might wish to make additional lesson time available, with access to suitable resources.

## B1.4 Customer research

Aims	Resources and references
To help learners consider their potential customers	Clips from TV programmes such as <i>Mary Queen of Shops</i> or <i>Ramsay's Kitchen Nightmares</i> showing the failure of some businesses to conduct customer research
Lesson outline	Access to Internet
Know your customers (5 min) Activity B1.5 Customer survey (25 min + homework) Activity B1.6 Repeat purchase (10 min)	

### ◆ Know your customers (5 min)

If you have a suitable DVD clip, show an example of a business where poor customer research has caused difficulties. A brief discussion should be sufficient to establish the importance of customer research.

### Activity B1.5 Customer survey (25 min + homework)

CT E ICT

This is the main activity for the lesson. Learners produce and use a survey to research potential customers for their business. Some may need help and guidance in writing suitable questions. See the Investigation material on this disc.

This activity will need some time outside lessons so that learners can distribute and collect their questionnaires.

### Activity B1.6 Repeat purchase (10 min)

CT

This activity could be incorporated into Activity B1.5. Learners need to consider how to maintain customer loyalty and ensure repeat business.

## B1.5 Financial data

Aims	Resources and references
To help learners carry out a financial appraisal of their business proposal	Access to Internet and library resources PCs running spreadsheet software
Lesson outline	
Will it make money? (10 min) Activity B1.7 Doing the sums (25 min + homework) The finishing touches (5 min + homework)	

### ◆ Will it make money? (10 min)

Financial appraisal is a vital part of any feasibility study and one that learners might find daunting, particularly when they look at the checklist of items to be researched. However, learners usually manage to find most of the information using the sources listed in Table B1.2.

In addition to those addressed in these lessons, other key practical issues in setting up a business include the following.

- Deciding which type of business organisation is appropriate, e.g. sole trader or private limited company
- Legal considerations, such as planning permission, health and safety, and insurance
- How the finance could be raised
- The availability of a suitable site

However, the best general advice is to leave most of these points to one side. They often lead to descriptive work which is largely based upon textbooks. The only issue worth developing is how to raise the finance.

### Activity B1.7 Doing the sums (25 min + homework)

IE SM M ICT

As with other activities in this set of lessons, this one will probably need considerable time outside the classroom.

### ◆ The finishing touches (5 min + homework)

Finally, learners need to pull together their work from this and previous lessons and present a feasibility study. Again, this will need significant time. You might decide to allow an extra lesson so that learners can carry out their financial appraisal and complete their feasibility study under supervision, using resources available in school/college.

## Section B2

# What is an ethical company?

### B2.1 Dog's life

Aims	Resources and references
To introduce learners to business ethics	A video of a TV advertisement for dog food would help set the scene (but is not essential)
Lesson outline	
Magic ingredient (10 min) Activity B2.1 Life on the line (20 min) Activity B2.2 People and pets (10 min + homework)	

#### ◆ Magic ingredient (10 min)

This lesson provides a low-key way in to business ethics. Allow a few minutes for reading and general discussion before Activity B2.1.

### Activity B2.1 Life on the line (20 min) CT

The discussion question *should* get learners thinking about the ethics of this situation. It has been used successfully in several classrooms already. When some learners raised the ethical case against the product, others started thinking about the possible business case against a product that might backfire on the whole company. The key thing is to get them to distinguish in their mind the pragmatic issue (thinking about consequences) from the moral one. You might want to refer to Section 2 of the Student Guide where ethical frameworks were introduced.

As a follow-up (or in case the learners ignore the ethical case completely), these questions can be used.

1. To what extent should Tom's actions in this case be regarded as unethical?
2. Tom may feel that it is the Executive Committee's job to weigh up the ethical issues involved in launching a fattier dog food. Is he right? Or should he feel responsible personally?

In trial usage, some learners concluded that, at the end of the day, it's only dog food. Can you really get worked up about moral issues? That could be seen as a valid judgement, but probably not by dog lovers.

## Activity B2.3 People and pets (10 min + homework)

SM

This activity departs from the ethical theme, but could provide a starting point for some project work.

## B2.2 Innocent

Aims	Resources and references
<p>To help learners recognise that a company can have its own ethics</p> <p>To help learners decide what attributes they feel are important for a firm to be considered ethical</p>	<p>The Innocent Drinks website provides an ideal starting point for the case study. It describes the beginning of the business and its current ethics. <a href="http://www.innocentdrinks.co.uk">http://www.innocentdrinks.co.uk</a></p> <p>Britain's top employers can be found at <a href="http://www.britainstopemployers.com/news.html">http://www.britainstopemployers.com/news.html</a></p> <p>BBC's <i>Watchdog</i> investigation into exploding smoothies can be found at <a href="http://www.bbc.co.uk/consumer/tv_and_radio/watchdog/reports/consumer_goods/consumer_2007_0123.shtml">http://www.bbc.co.uk/consumer/tv_and_radio/watchdog/reports/consumer_goods/consumer_2007_0123.shtml</a></p> <p>The Advertising Standards Authority's ruling against Innocent Drinks can be found at <a href="http://www.asa.org.uk/asa/adjudications/Public/T_F_ADJ_43263.htm">http://www.asa.org.uk/asa/adjudications/Public/T_F_ADJ_43263.htm</a></p> <p>Press comments on the tie-up between McDonald's and Innocent Drinks were numerous. An example can be found at <a href="http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/05/20/ccinnocent20.xml">http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/05/20/ccinnocent20.xml</a></p>
Lesson outline	
<p>Innocent Drinks (5 min)</p> <p>Activity B2.3 Innocent image (10 min)</p> <p>Activity B2.4 McInnocent? (15 min)</p> <p>Activity B2.5 Ethical company (10 min + homework)</p>	

### ◆ Innocent Drinks (5 min)

Learners should have a basic understanding of the term 'virtue ethics' – refer to Section 2 of the Student Guide. It is important to identify the difference between a virtue of a company, such as the Co-op's commitment to supporting green energy for schools, and a company skill such as an ability to offer Internet banking.

## Activity B2.3 Innocent image (10 min) TW EP

This task is designed to help learners recognise that an ethical approach can be the basis for a company to become very successful.

The first part of the task is designed to highlight a typical Innocent Drinks advertisement, and to show how the company uses its ethics to try and win over potential customers.

The second part of the task provides ample opportunities for further research on the company, demonstrating to learners that the aims of stakeholders may be mutually compatible. The website provides clear links to the company's ethical statements and allows learners to question them directly via the online blogs.

**Activity B2.4 McInnocent? (15 min) IE CT E**

The emphasis here shifts to whether Innocent Drinks can sustain its ethical approach as it grows into a mature company and looks for further expansion opportunities. The tie-up with McDonald's is clearly aimed at fending off competition from global competitors such as Pepsi. For many, this has meant that Innocent Drinks have now compromised their ethical stance, although the tie-up has not stopped the company from continuing to donate many thousands to charitable causes.

There may be some opportunity here for learners to refer to ethical relativism, and consider that Innocent Drink's ethics may change according to market circumstances.

**Activity B2.5 Ethical company (10 min + homework) TW EP E**

The intention here is that learners consider the varied ethical attributes that firms are capable of pursuing. Learners' individual rankings could be compared in order to identify any strong preferences within the class. It is envisaged that statement 4 may prove less popular as a virtue to say statement 1, given the age of the learners. You may also wish to emphasise that there are no right or wrong preferences, and that individual lists will come down to personal values.

The final part of this activity is designed to develop research skills. You may wish to suggest other large companies that have used their ethical behaviour to promote sales, such as the Co-op and Body Shop. This may suggest that even large firms can still act ethically, and be true to their founders' ideals.

## B2.3 Creative genius

Aims	Resources and references
To raise ethical issues relating to intellectual property	Kane Kramer's website <a href="http://www.kanekramer.com">www.kanekramer.com</a> has details of his 1979 invention
Lesson outline	
The iPod (5 min) Activity B2.6 Kramer vs Apple (35 min + homework)	



### ◆ The iPod (5 min)

Reading about the invention of the iPod will almost certainly generate plenty of discussion. You will probably want to move fairly quickly into the particular questions raised in Activity B2.6.

## Activity B2.6 Kramer vs Apple (35 min + homework)

TW EP E

To inform the discussion of these questions, learners should, if possible, have access to Kane Kramer's website, or a printout of relevant materials from the site.

Learners could discuss one or more of the questions in a small group, then produce their own individual written responses for homework.

## B2.4 Mind the GAP

Aims	Resources and references
<p>To help learners appreciate that the increasing globalisation of product markets has enabled firms to move production of goods away from the core marketplace</p>	<p>The GAP social responsibility area of its website is a good starting point for Activity B2.8: <a href="http://www.gapinc.com/public/SocialResponsibility/socialres.shtml">http://www.gapinc.com/public/SocialResponsibility/socialres.shtml</a></p>
<p>To help learners recognise that globalisation can create potential conflicts of interest between the firm and its suppliers</p>	<p>GAP's response combating child labour claims can be found at <a href="http://www.gapinc.com/public/documents/India_Fact_Sheet_Update.pdf">http://www.gapinc.com/public/documents/India_Fact_Sheet_Update.pdf</a></p>
Lesson outline	<p><i>The Observer</i> was the first to break the story about GAP and child labour. The article can be found at <a href="http://www.guardian.co.uk/business/2007/oct/28/ethicalbusiness.india">http://www.guardian.co.uk/business/2007/oct/28/ethicalbusiness.india</a>, alongside many further articles on child labour, including <a href="http://www.guardian.co.uk/business/2008/mar/20/ethicalbusiness.india">http://www.guardian.co.uk/business/2008/mar/20/ethicalbusiness.india</a></p> <p><i>The Economist</i> provided a balance to the coverage at <a href="http://www.economist.com/business/displaystory.cfm?story_id=10064077">http://www.economist.com/business/displaystory.cfm?story_id=10064077</a></p>
<p>Globalisation (5 min) Activity B2.7 Winners and losers (10 min) Social audit (5 min) Activity B2.8 GAP (20 min) Project springboard Child labour</p>	

### ◆ Globalisation (5 min)

Learners should have a basic understanding of the term 'globalisation'. Introducing the idea of 'the death of distance' should ensure that they can start to appreciate that because of the opening up of China in particular, firms can now produce goods very cheaply in one part of the world, transport them to another part of the world, and sell the product at a vast markup on production costs.

**Activity B2.7 Winners and losers (10 min)****IE CT E**

The intention here is that the whole class come up with a range of answers to the questions. The obvious answers for winners being UK consumers (lower prices), UK firms (higher profits) and the foreign workers who now have a job, whilst the losers would be workers in the UK who may have lost their jobs and those workers who the learners may feel are being exploited abroad.

The key discussion should be about assessing whether the UK as a whole has benefited or lost out. At this point, you may wish to relate the discussion back to the notion of utilitarianism.

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**◆ Social audit (5 min)**

The emphasis here shifts towards the potential ethical conflicts between Western firms and those that produce the products in less-developed countries.

**Activity B2.8 GAP (20 min)****CT E**

There are several possible reasons for GAP introducing a social audit system, with the more cynical responses almost certainly suggesting the need to move away from the bad publicity of the early 2000s. Learners may see the linkage between Questions 1 and 2, where, depending on the depth of cynicism, learners may suggest that the social audit system may not have been implemented correctly.

It is envisaged that the debate regarding whether employing child labour can ever be justified will be underpinned by comparing absolutism and relativism. The statement should give ample opportunities for further research and discussion.

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**Project springboard****IE SM CT RL**

The work suggested here could, if focused to a specific question, turn into a Dissertation project.

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## B2.5 Count the cost

Aims	Resources and references
To help learners use ethical frameworks in order to decide what duties consumers have towards suppliers of the goods they purchase	Recent market research into the influence of ethical products on consumers can be found at <a href="http://www.tnsglobal.com">http://www.tnsglobal.com</a>
Lesson outline	For further research into child labour, the UNICEF website provides additional resources at <a href="http://www.unicef.org">http://www.unicef.org</a>
Do consumers care? (5 min) Activity B2.9 Comparing costs (15 min) Activity B2.10 Consumer pressure (20 min) Project springboard Consumer survey	

### ◆ Do consumers care? (5 min)

Some discussion may be made of the text, which suggests that younger members of society feel less of a duty towards ensuring the workers' rights are met.

### Activity B2.9 Comparing costs (15 min) IE CT

This activity is underpinned by the notion of rights (e.g. of workers) and corresponding duties (e.g. of employers and consumers).

### Activity B2.10 Consumer pressure (20 min) IE CT E

The first question is designed to initiate debate about whether Western companies should have a duty of ensuring a decent wage to the people who ultimately produce their products, even if they outsource the production process.

The second question moves towards examining the link between the consumer and the producer. Ultimately, the task is designed to get learners to question whether the consumer has any duty towards the producer of the goods, or whether they have no need to worry about where and how the goods were produced. You may wish to introduce the concept of distributive justice here.

### Project springboard SM CT

As a starting point for a project, you might want learners to research and complete questionnaires to examine the views of others on ethical sourcing of products. It may be advisable for them to get a good cross-sample of ages. Also, this is a good opportunity to discuss or direct learners to research the

use of open/closed questions in questionnaires and how they can be used to generate both quantitative and qualitative data.

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