



Unit 6: Hospitality Business Enterprise

Delivery guidance

The purpose of this unit is to investigate an opportunity to start up a hospitality enterprise. It will enable learners to develop an understanding of how hospitality enterprises are affected not only by customer needs and wants but also by market trends, marketing and media and global influences. Learners will learn how to use research and business analysis tools and apply them to a real-world enterprise opportunity, including its financial feasibility.

Learners must have plenty of opportunities to research and discuss opportunities for enterprises in the hospitality industry to show their knowledge and understanding of the unit. Learners will bring their knowledge of hospitality businesses through their experiences as consumers, customers or perhaps as employees. Encourage learners to research a variety of successful hospitality businesses and look at the key measures for this success – both financial and non-financial. Learners should also look at the importance of having a business plan to seek financial investment and show the future vision of an enterprise.

Your learners need to be well prepared for their set assignment, so it is important that they compile a portfolio with notes, activities and research. You might want to instruct them to organise these materials in sections relating to each learning aim as well as a section for general use. You could also instruct learners to compile a glossary of relevant terminology as an ongoing activity.

To complete this unit your learners will need access to a range of research materials. You will need to demonstrate how they can find facts about organisations, entrepreneurs, ideas and business plans by introducing them to textbooks, specific websites, journals and business start-up statistics. You should also explain abbreviations and key terms. Stress the importance of using up-to-date resources.

You could use a range of delivery methods in this unit, including the following.

- Discussions: class and small group discussions on, for example, current trends in the hospitality industry.
- Individual or group presentations: to cover, for example, the use of financial forecasts and the connection to the success or failure of an enterprise.
- Case studies and video clips: to illustrate, for example, successful and failed start-ups in the hospitality industry.
- Media and journal articles: relating to, for example, start-ups in the hospitality industry.
- Internet: to provide, for example, talks and videos on starting an enterprise such as TED talks.

Group work is an acceptable form of delivery, but you must ensure that each student produces their own evidence for the set assignment under supervised conditions that is sufficient for assessment.

Approaching the unit

For learning aim A it is important that learners understand the importance and purpose of research and collecting information in the hospitality industry. You could ask learners to work in small groups to discuss their own knowledge of research and share their ideas with the class.

Learners will learn to review research data and use it to generate an idea for an enterprise opportunity in the hospitality industry. As practice you could give examples and the class can discuss why a business idea would be suitable (or not) and add their own examples.

Learners will develop their skills so that they can carry out targeted independent research into an opportunity for a hospitality business. Learners will need to use a range of data-collection techniques and use this data to support decisions made. They should be encouraged to independently use both primary and secondary research to explore opportunities.

They will use this data to analyse and evaluate the current business environment and business risks through PESTLE and SWOT analysis, and competitor analysis. You could give learners case studies to allow them to investigate business analysis tools to enhance their discussions or practice reports. Learners could carry out research into real organisations to support their learning.

You could invite guest speakers from local and national hospitality businesses to talk about enterprise ideas that have been successful. Learners could prepare questions prior to the speaker's arrival about using and collecting information and how this benefited the organisation. This will ensure that learners get the most out of this activity.

For learning aim B learners will learn to research the financial feasibility of their enterprise idea using financial forecasts. They will learn to identify start-up costs, running costs and financial forecasts over a 12-month period of development and create a personal survival budget. Examples of these should be given to allow class discussion. Encourage learners to research a variety of sources of finance as they will need to evaluate the most suitable one(s) for their enterprise idea.

You could invite guest speakers from local banks to talk about the importance of financial information and the funding for small enterprises. Again, learners should prepare questions prior to the speaker's arrival.

For learning aim C learners will develop the skills needed to produce a realistic plan to launch a hospitality business enterprise suitable for use when seeking financial investment. Learners will be able to summarise the proposed enterprise, the current market and competition, legal structure and operation, legal framework and resources needed. You could ask learners to work in small groups to discuss how meeting the needs of the target market might affect the success of the enterprise and how this will be reflected in the business plan. They should have practice writing their plan and getting feedback before the assessment.



Assessment model

Learning aim	Key content areas	Recommended assessment approach
A Investigate an opportunity for a hospitality business enterprise.	A1 Researching and collecting information for a hospitality business enterprise A2 Business analysis tools A3 Reviewing information and generating an idea	An individual report based on learner research that identifies an opportunity for a hospitality business enterprise. The report will show knowledge of the current market environment, figures and forecasts together with risks and opportunities involved.
B Research the financial feasibility of a hospitality business enterprise.	B1 Financial information B2 Sources of finance	
C Develop a plan to launch a hospitality business enterprise.	C1 Business planning C2 Measures of success C3 Supporting documents	A detailed plan for the chosen enterprise idea suitable for seeking financial investment.

Assessment guidance

This unit is internally assessed using a Pearson Set Assignment. The assignment is set by Pearson and marked by tutors.

Learners must work independently and must not be given guidance or feedback on the completion of this preparatory work. Part B must be completed under supervised conditions using a computer. The supervised assessment period is 10 hours.

Two set assignments for this unit are available each year and are valid for one year only. Tutors are not permitted to create their own assessments for this unit.

Learning aims A and B will be assessed through a comprehensive report which details the learners' decisions in identifying an opportunity for a hospitality business enterprise. It should include their research as evidence as well as showing knowledge of the market, figures and forecasts and any risks and opportunities.

Learning aim C will be assessed through a detailed plan for the business which must be suitable for use when seeking financial investment. Learners should evaluate the extent to which they think the business will be a success and meet the needs of the target market.

Learners must demonstrate their knowledge and understanding of enterprise by incorporating the use of independent research into their work.

Getting started

This provides you with a starting place for one way of delivering the unit, based around the recommended assessment approach in the specification.

Unit 6: Hospitality Business Enterprise
<p>Introduction</p> <p>Begin by providing learners with an overview of the unit using a group discussion. You could include what they will learn and how they will be assessed. You could then outline the learning aims of the unit.</p>
Learning aim A: Investigate an opportunity for a hospitality business enterprise.
<ul style="list-style-type: none"> ● Show learners clips from programmes such as <i>Dragons' Den</i>, <i>Shark Tank</i> or <i>Lions' Den</i> to illustrate budding entrepreneurs pitching new business ideas. ● Ask learners to collaborate in small groups to share their thoughts on the benefits of and constraints of starting their own enterprise. ● Lead a discussion on entrepreneurs who have been successful in the hospitality industry, and those that have failed. Why were they successful/unsuccessful? ● You could invite a guest speaker to talk to learners about how and why they set up their hospitality enterprise and the initial research they undertook. ● Deliver a presentation on the concept of a gap in the market. You could include any obvious gaps in the hospitality market in the local area or this could be a class discussion topic. ● In small groups, learners could carry out research for the local area to investigate potential gaps in the market. They could collate this research together and list ideas for potential enterprises and share their findings with the class. ● As an extension, learners could use these ideas for possible hospitality enterprises and write a report analysing the potential opportunities in the local area. ● Deliver a presentation on the meaning of a target market and why it is important for a business to define one. ● In small groups learners can research examples of successful hospitality businesses considering the target market, customer needs and wants, and the gap in the market that the product or service has filled. The different groups should cover a wide range of enterprises to allow for a class discussion on what makes them successful. ● As an extension, learners can write a short report analysing what makes these enterprises successful, and suggesting any opportunities that they have missed. ● Deliver a presentation on trends, marketing and media, and global influences. ● In small groups learners can research the current trends, marketing, media and global influences in the hospitality industry and discuss this with the group. ● Ask learners to write a short report analysing how these trends and influences affect current and prospective businesses. ● Lead a discussion on the importance of researching and collecting information when selecting a suitable business idea. How does this relate to the possible success or failure of a business? ● Ask learners to discuss in small groups the environments in which hospitality businesses operate, as well as competition from rival businesses. You could then introduce the topic of business analysis tools such as political, economic, social, technological, legal and environmental (PESTLE) and strengths, weaknesses, opportunities and threats (SWOT) analysis etc. with a presentation explaining the key terms and their importance in providing vital insight.

Learners could then take part in group discussions in order to clarify these tools further. Case study materials can be used.

- Ask learners to write an analysis of an existing hospitality business using PESTLE, SWOT and competitor analysis. Learners could either conduct independent research online or they could be given appropriate case studies. This could be used as a formative assessment opportunity.
- Deliver a presentation on selecting an idea based on the research data gathered. The presentation should include the importance of the viability and potential demand for the business enterprise; benefits and features; constraints and opportunities for growth.
- Discuss the reasons why start-up decisions are based on research data.

Learning aim B: Research the financial feasibility of a hospitality business enterprise.

- Arrange, if possible, a visit from a local accountant or banker to help explain the purpose of financial information. Learners should prepare questions on funding, financial forecasting and personal survival budgets.
- Explain the difference between start-up and running costs. Using case study materials ask learners to identify the start-up costs and running costs for a start-up business.
- Have a class discussion on the different types of cost that impact on a business and explain how break-even and margin of safety are calculated.
- Using case study materials of small businesses task learners to calculate the break-even point and the margin of safety.
- Introduce the concept of profit and loss to the class by giving learners a template of a Statement of Comprehensive Income/Profit and Loss Account. Go through the main parts of the statement. You could then complete one with the group and then give them some figures so that they can practise filling one in themselves.
- Learners should understand the importance of cash flow to a business. This could be taught using a case study. Learners should look at the influence that poor cash flow forecasting can have on a business. They could then create a cash flow forecast from given figures.
- Use a presentation to introduce the topic of a personal survival budget. Explain how it details the average monthly income minus all the costs and expenses you would incur in a typical month. The Start Up Loans website has a free template that you could use (see Resources section).
- Learners could practise filling in a personal survival budget using their own figures (or dummy figures). They could then discuss with a group.
- Extend learning by asking learners to prepare a written evaluation of the importance of using financial information and financial forecasting to a start-up enterprise.
- Split the class into groups and ask each to deliver a presentation on the different sources of finance available to businesses. Each group should cover one source of finance i.e. own funds, family and friends, business partners, equity funding or government funding. You could have a class discussion on the viability of government funding and any restrictions.
- You could use clips from *Dragons' Den*, *Shark Tank* or *Lions' Den* to illustrate equity funding.

- Learners could have group discussion on financing implications, for example how would family and friends react if the business failed and they lost their investment? What are the implications of crowdfunding?
- In pairs, learners could research the availability of funding for smaller and larger enterprises.
- As part of a formative assessment task, ask learners to research suitable sources of finance for a start-up hospitality business and write a report analysing the advantages and disadvantages of each. Learners can discuss their thoughts with the class and get feedback on their reports through peer review.

Learning aim C: Develop a plan to launch a hospitality business enterprise.

- Deliver a presentation to ensure learners understand what a business plan is and what it should contain.
- Learners could research, using Google maps, local hospitality enterprises, as an introduction to the unit to see what is available in the area. They could discuss why some types are and are not available.
- As an extension, ask learners to write a short report explaining why some types of hospitality businesses might not be found in the locality.
- Lead a discussion on potential enterprise ideas for the locality and how they could meet customer needs.
- In pairs, ask learners to evaluate a given case study to decide whether it meets the needs of its target market. You could give different learners different case studies so that they can share with the group in a discussion.
- Individually, learners can carry out research into the steps needed to set up a hospitality enterprise. Ask them to show their understanding using a visual representation, such as a mind map. The class can discuss these and provide feedback. You should confirm the steps needed to ensure understanding.
- Give a presentation on mission and vision statements, then ask learners to research real mission and vision statements online in pairs.
- Extend learning by giving learners a case study of a fictional start-up business and asking them to decide upon the vision/mission for this business and its business aims.
- Invite a guest speaker to talk to learners about the process they went through to set up their hospitality enterprise and the research they undertook. Speakers should ideally talk about target market, identifying customer needs, identifying gaps in the market, calculating demand, business environment, risk and competitor analysis. Learners should prepare and ask questions. They could ask questions on their ideas for their own business and its viability.
- Ask learners to collaborate in small groups to investigate how a business plan can support an application for financial investment. Groups can then discuss their findings with the class.
- Lead a discussion on the need for accuracy, a realistic and professional approach, and attention to detail in business planning. Encourage learners to be innovative, creative and enthusiastic about their proposal, and stress the importance of ensuring that their business plan meets the needs of the target market. You could provide a case study exercise where learners analyse if given business plans meet a list of needs of a given target market.
- Deliver a presentation on types of enterprise and legal formats. Give each student three different hospitality business ideas and ask them to research and produce a set of notes on an appropriate legal structure (including advantages and disadvantages of each structure) for the businesses. Have a class discussion on how ownership affects a business.

- If possible, learners could visit different local hospitality businesses to find out more about their legal structure and operation. They should prepare questions. If a visit is not possible learners could research hospitality enterprises online using the 'about us' pages for the companies.
- Deliver a presentation on the legal frameworks that apply to the hospitality industry.
- Give individual learners a case study on a fictional or real start-up business and ask them to write a report that identifies the legal framework that would apply to it.
- As a formative assessment task, ask the learners to individually complete a business plan for a hospitality enterprise using information from given case studies. This partial plan should be written formally as if the learner was seeking financial investment. Learners can swap plans for peer review and then discuss any common issues as a class. As an extension, learners could write a short self-evaluation or write notes on what they could improve for the future.
- Deliver a presentation on the physical, financial and human resources that should be included in a business plan.
- Give learners a case study of a small start-up business and ask them to evaluate the resources it needs. This could be the case study used previously. They could write this up or present it to the class.
- Deliver a presentation to introduce the concept of key performance indicators. Ask learners to individually write down some hospitality businesses that they think are successful, then in small groups, list what they consider to be the three key indicators of business success. Learners should report back to the class, contributing to a master list of key indicators. They can discuss these as a group.
- Explain the supporting documents that are needed to support a business plan, using examples. These should include personal experience, market research, financial information and sources of advice.
- Learners should have the opportunity to write create a factsheet about themselves that demonstrates they can start a business.
- Using case study materials on hospitality enterprises that are planning to start up ask learners to identify the different supporting documents these enterprises could need.
- Enlist the help of local hospitality entrepreneurs that have started up their own businesses to enhance your learners' experience. You could ask these entrepreneurs to advise groups on how to prepare a business plan or they could provide feedback on the learners' draft plans from the earlier activity (even if they are based on dummy information it will be useful feedback) and any accompanying documentation.
- Ensure that all learners are prepared for assessment before providing them with the assignment brief. Ensure that time is allowed for the supervision of the set assignment tasks for Learning Aims A, B and C.

Details of links to other BTEC units and qualifications, and to other relevant units/qualifications

This unit links to:

- Unit 1: The Hospitality Industry
- Unit 5: Cost Control for Hospitality Supervisors
- Unit 22: Marketing for Hospitality

Resources

In addition to the resources listed below, publishers are likely to produce Pearson-endorsed textbooks that support this unit of the BTEC International Level 3 Qualifications in Hospitality. Check the Pearson website (<http://qualifications.pearson.com/endorsed-resources>) for more information as titles achieve endorsement.

Journals

The Economist

The Economist is a weekly English-language magazine and business journal that has regular articles and features about issues related to businesses and the economy. It also has an extensive archive of materials.

Taylor and Francis: *Journal of Hospitality Marketing & Management*

The *Journal of Hospitality Marketing & Management* publishes high-quality, peer-reviewed research papers, reports and book reviews for hospitality marketing and management.

Videos

YouTube has a number of free videos available for learners, teachers and professionals about starting up an enterprise.

The SmartDraw channel on YouTube has a video called 'SWOT Analysis – What is SWOT?', which outlines SWOT analysis.

Bee Business Bee's channel on YouTube has a video called 'PESTLE presentation' which outlines PESTLE analysis.

Websites

TED-Ed has a growing library of lessons and educational videos.

GoGetFunding is a global crowdfunding website.

Kahoot! schools website allows the creation of quizzes, polls and puzzles to reinforce knowledge.

The Toast tab website provides a long list of hospitality mission statements (search for 'Inspiring restaurant mission statements').

The PESTLE Analysis website provides real life examples of PESTLE and SWOT analysis.

The Socrative website is a free tool for students which is available on smartphones, tablets, laptops and computers allowing the tutor to use quizzes and polls to check understanding.

The Hospitality Start-Ups website provides examples of hospitality start-ups across Europe.

Investopedia is an educational website that features useful articles.

Kickstarter is a crowdfunding website.



The Marketing Donut website provides information on how to identify a target market (search for 'Six steps to defining your target market').

Mind Tools gives an explanation and template for SWOT analysis (there is a page for SWOT analysis).

The Start Up Donut website has useful articles and case studies.

The Start Up Loans website provides information on and a free template for a personal survival budget (search for 'personal survival budget').

The Studential website illustrates the steps in putting together a successful business plan (search 'writing a business plan').

Zopa is a peer-to-peer lending site.

Pearson is not responsible for the content of any external internet sites. It is essential for tutors to preview each website before using it in class so as to ensure that the URL is still accurate, relevant and appropriate. We suggest that tutors bookmark useful websites and consider enabling learners to access them through the school/college intranet.