



Accredited

# OCR LEVEL 3 CAMBRIDGE TECHNICAL CERTIFICATE/DIPLOMA IN SPORT

## SPORT AS A BUSINESS

Y/502/5781

LEVEL 3 UNIT 8

GUIDED LEARNING HOURS: 60

UNIT CREDIT VALUE: 10

Version 2: Updated to reflect current legislation and Acts.

# SPORT AS A BUSINESS

Y/502/5781

LEVEL 3

## AIM OF THE UNIT

Businesses within sport cover a range of different sporting areas from voluntary sports clubs and private gyms to global clothing brands and professional sports clubs. The popularity of sport is big business and global organisations compete to increase their market share, making millions on an annual basis. Sports businesses need to be flexible in changing external conditions, whilst continuing to grow and identify potential gaps in the market that they can use to launch new products or services.

In a competitive sector such as sport, the need to be innovative and think 'outside the box' is vital in getting ahead of your competition and appealing to your target market. Global businesses such as Nike achieve this continually and lead the way in product innovation within the sports clothing and equipment arena. In contrast, a number of sports businesses are small to medium size companies that face the challenges of growing a business from scratch and competing for market share and customer loyalty in a smaller geographical area.

This unit explores the organisation of sports businesses and what makes them successful, whilst also looking at the different legal and financial implications on businesses. Learners will understand the role of market research in creating new products and services whilst maintaining success and applying marketing concepts to create their own promotional plan and advertisements. Learners can transfer knowledge gained from this unit into a number of areas of work including; voluntary sports clubs, public sector sports organisations, professional clubs, event management and working within media and broadcasting. Business skills are transferable to a number of different sectors and serve to inspire and inform learners about the requirements of running a business.

## PURPOSE OF THE UNIT

This unit provides the knowledge base for learners to understand business concepts within the world of sport. They are encouraged to be innovative and creative in devising their own business ideas whilst reinforcing the underpinning knowledge around organisational structure, market research, legal factors and financial implications. The unit prepares learners for employment through transferable business knowledge that can be used within the sports sector but also transferred to different business areas. Sport as a Business encourages learners to think beyond the scope of working for an employee in a gym or coaching capacity and allows them to consider the additional options of self-employment and running their own business.

## ASSESSMENT AND GRADING CRITERIA

<b>Learning Outcome (LO)</b>	<b>Pass</b> The assessment criteria are the pass requirements for this unit.  The learner will:	<b>Merit</b> To achieve a merit the evidence must show that, in addition to the pass criteria, the learner is able to:	<b>Distinction</b> To achieve a distinction the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
1 Know how businesses in sport are organised	P1 describe the organisation of two different sports businesses		
2 Know what makes a successful sports business	P2 describe what makes a successful sports business		
3 Know the legal and financial influences on sport as a business	P3 describe three legal influences on a sports business		
	P4 describe a basic cash flow for a selected business	M1 summarise the affects that legal and financial influences might have on a sports business' cash flow	
4 Be able to use market research and marketing for a sports business	P5 plan market research related to, and appropriate for, a selected sports business	M2 identify a range of market research tools and techniques appropriate for sport as a business	
	P6 conduct market research related to, and appropriate for, a selected sports business, recording and interpreting results	M3 communicate market research outcomes in an appropriate format	
	P7 describe the marketing activities of a selected sports business	M4 analyse the success of a range of marketing activities for sports businesses	D1 critically compare the marketing activities of a range of sports businesses
	P8 produce a promotional plan for a selected sports product or service, drawing on market research	M5 create an advertisement for a selected sports product or service	D2 evaluate the effectiveness of the promotional plans and advertisements for sports products or services

## TEACHING CONTENT

The unit content describes what has to be taught to ensure that learners are able to access the highest grade.

Anything which follows an i.e. details what must be taught as part of that area of content.

Anything which follows an e.g. is illustrative, it should be noted that where e.g. is used, learners must know and be able to apply relevant examples to their work though these do not need to be the same ones specified in the unit content.

### LO1 Know how businesses in sport are organised

*Sports businesses:* i.e. public, private and voluntary sector businesses (e.g. private leisure clubs, voluntary sports clubs, professional clubs, leisure centres)

*Organisation:* i.e. types of business entity; (e.g. sole trader, partnerships, limited companies, franchises).

*Structure:* i.e. purpose of business structure, different types of organisational structure (e.g. area, process, customer, product, function); organisational hierarchy (e.g. tall v flat structures, centralised and decentralised structures).

### LO2 Know what makes a successful sports business

*Success factors:* (e.g. income, profit, growth, sustainability, customer satisfaction, staff satisfaction, clear targets and strategy).

### LO3 Know the legal and financial influences on sport as a business

*Legal influences:* i.e. legislation (e.g. Health & Safety at Work Act, Copyright, Designs and Patents Act, Partnership Act, Fair Trading Act, Companies Act; Employment law (Employment Rights Act), Working Time Regulations, Equal Pay Act; Insurance (e.g. buildings and contents insurance, public liability insurance, employer's liability insurance, products liability insurance)\*).

*Financial influences:* i.e. income (e.g. sales), start-up costs, budgets, operating costs (e.g. fixed and variable costs; *wages, loan repayments, rent, utilities, raw materials*).

*Cash flow:* i.e. purpose of cash flow document (e.g. determine operating financial requirements, make business decisions, use of projected cash flow software, interpretation of results); timing of inflows, timing of cash outflows; purchases & costs; use of invoices.

### LO4 Be able to use market research and marketing for a sports business

*Plan:* i.e. reasons for conducting market research (e.g. identifying target market, competitors, the macro and micro environment, demand and trends within the sector, gaps in the market,

new product development ideas, pricing strategies); tools and techniques; primary & secondary, qualitative and quantitative; research methods (e.g. surveys, questionnaires, focus groups), research method design (question design, screener questions, classification questions); types of questions (rank, multiple-choice, likert scale, open v close); recording and interpreting results; research topics (e.g. customer behaviour, brand loyalty, competitor market share, new product development).

*Conduct:* i.e. pilot, target market, sample size, costs (e.g. access to target market, time commitment of sampling, method of sampling, implications of different samples; validity, reliability), response rate; recording and interpreting data, graphs.

*Marketing activities:* i.e. promotional types (e.g. personal selling, promotion, public relations, advertising, direct marketing, social media, sponsorship); communication methods (e.g. posters, logos, taglines, advertising messages); relevance to target market; branding (e.g. brand equity, brand loyalty, brand values).

*Promotional plan:* i.e. promotional objectives; promotional budget; application of marketing mix; product (e.g. product life cycle, unique selling point, gap in the market), price (e.g. pricing strategy, set prices, competitors prices, discounts, seasonality), place (location, point of sale, retail, websites, online marketplace), promotion (e.g. personal selling, promotion, public relations, advertising, direct marketing, social media, sponsorship), service marketing mix; people, process, physical resources; clear identification and link to target market, selection of methods, communicating marketing messages.

*Advertising:* i.e. create an advertisement (e.g. newspaper or magazine advert, radio script, poster, storyboard for a YouTube video or television advertisement)

*Evaluation:* i.e. reasons for selections within promotional plan (e.g. product, price, place, promotion), reasons for selection of advertisement (e.g. cost, communication method, credibility of messages, control over communication), meeting objectives, appealing to target market.

For the merit and distinction criteria a range is more than two.

**\*Learners must be taught the latest legislation or its equivalent, should it be revised during the lifetime of the qualifications in which this unit is taught.**

## DELIVERY GUIDANCE

Tutors should consider the order of delivery given the range of topic areas and the need for learners to understand how the various elements of business interrelate. Learners may appreciate the more creative nature of LO4 being in the middle of the unit to break up some of the more theoretical content of the other learning outcomes. Similarly it may be easier to start the unit with delivery for LO2 as learners will have some initial knowledge in this area regardless of whether they have studied business concept previously.

**LO1** Learners should know the different sectors that businesses operate in, and the different types of business entity. Learners can classify the successful businesses they have identified by stating the sector in which they operate in and the type of business entity. Learners need to be able to identify the different businesses entities to aid them in describing the organisation of different sports businesses. This will allow learners to consider hierarchical structures and the flow of communication and instructions through businesses. If this can be related to something they already know such as a local sports team, a voluntary sports club or the sports department at their school/college they can produce larger scale diagrams or kinaesthetically produce an organisational structure within the classroom with learners taking on different roles within the organisation. Additional activities can include a game of 'Chinese whispers' to demonstrate how communication can be changed or misinterpreted as it travels through a business, this can work particularly well when considering the number or hierarchical levels in large global businesses.

**LO2** An ideal introduction to the unit would be an identification of a successful sports business with learners identifying why they think the business is successful. Although learners may not have prior business knowledge they are consumers of sports products and services and should therefore be encouraged to share their personal experiences and reasons for choosing particular businesses to purchase from. Learners need to identify the factors that contribute to a successful business and it is beneficial to note that there is not a 'one size fits all' approach to making a business successful. The use of case studies can be useful within a classroom environment, particularly with a range of examples such as local businesses, global brands, public sector organisations and voluntary sports clubs. Learners should also be encouraged to individually research businesses they feel are successful. Current vocational examples can help provide context.

**LO3** As financial and legal elements provide the smallest learning objective this LO is best delivered at the latter end of unit delivery and after LO4 which can provide additional context for learners. Discussion based activities enable learners to explore the potential issues regarding the legal implications of health and safety, employment law and insurance on their business idea. Relevant examples will provide further context and learners can relate the legal factors to their own part time work or work placements. The description of a cash flow requires basic knowledge of the various financial elements that would influence the incoming and outgoing of money from a business. Learners need to know the cash transaction process within businesses, the use of invoices for example, to enable them to identify the impact of timing when money comes in and out of the business. Role play scenarios can be helpful in developing learner's knowledge of this process and aid them in producing a cash flow document.

**LO4** With learners gaining an understanding of basic organisational and success factors within sports businesses within LO1 and LO2 they can begin to look at the more creative element of market research and marketing in creating a promotional plan and advertisements. This section of the unit provides the opportunity for learners to be innovative and should involve the majority of the delivery time for the unit. The learning outcome can be delivered around a 'dragons den' scenario with learners creating their own business ideas and using the assessment criteria to shape the production of a business plan or could involve exploring current sports businesses. Learners can discuss different innovative ideas, and video clips from Dragons Den can be used to show learners what products have been successful. Discussion can also be directed towards gaps in the market, opportunities for new products or services and problems within sport that may need 'solving', examples could include; new apps for smartphones, development of new products and additional sports services. Once learners have a sports product or service idea they can design and conduct market research to gather additional information to enable them to produce a promotional plan. This should be in the form of both primary and secondary research with learners thinking about the purpose of the two methods and the type of information they will need to find out if their product/service is going to be successful. This will include consideration of their target market, and the best way to get primary research from their target market. Learners should conduct market research and draw conclusions from their

results to enable them to finalise their product or service idea. The BBC show The Apprentice provides an opportunity for learners to see how new products or services are devised from the initial concept stage and can provide an excellent tool in facilitating discussion around the units key themes.

In terms of looking at creating promotional plans learners need to consider the various aspects involved from the initial product, its price, place of sale and promotional methods. Those learners looking at creating a new sports service should also consider the role of people in service delivery, the physical resources required to deliver a service and the process consumers follow when using a sports service. The 4 (or 7) P's provide a structure for the promotional plan and learners can explore the influence the different elements have on each other. Resources can include 'Apprentice' style tasks, for example; learners selecting blank merchandise and clothing from a selected list and buying stock at cost price using a pre-set hypothetical budget before considering design issues and cost implications, point of sale, RRP and promotional methods in the run up to a particular event. Learners can calculate potential profit whilst understanding the process of business sales and costs of production. When looking at promotional material learners can review television adverts and discuss how effective they are whilst identifying the target market of the product and the success in communicating marketing messages which will aid learners in creating their own advertisements. As part of the delivery learners should be encouraged to look at businesses within the market their product or service will operate and see what promotional methods are used effectively. This could include more traditional forms of promotion such as advertising on television and in print media but should also consider the role of social media with Twitter and YouTube used successfully to promote products and services by global organisations. By analysing and considering the techniques used by competitors as well as their own market research learners can create a promotional plan for their own product or service or one that already exists. There is an opportunity for learners to be as creative as they wish in the design of logos, prototypes and promotional material within the constraints of the LO but delivery could involve the presentation of final ideas and promotional plans in a dragons den style pitch.

## GUIDANCE ON ASSESSING THE SUGGESTED TASKS

Although the assessments are suggested in three separate parts there is potential for them to create an overall business portfolio that incorporates all three assessments.

Criteria	Assignment title	Scenario	Assessment
P1, P2	Organisation of sports businesses	Learners are considering setting up a sports business and as part of the initial research they need to consider the organisation of different businesses and what makes them successful.	Presentation or written report.
P5, P6, P7, P8, , M2, M3, M4, M5, D1, D2	Market research and marketing of sports businesses	Learners are now setting up their own business and need to conduct market research and look at their competitors promotional methods to aid them in creating a promotional plan for their new business.	<p>A business plan that is indicative of the vocational context of the unit. Students should be encouraged to create a report that reflects the formal nature of the business environment.</p> <p>Criteria P5, P6, P8 can relate to a sports product or service of the learners own creation to develop and encourage creative thinking skills. Criteria P7 should be based on a current sports business and could be related back to a successful business example used in assessment 1.</p>
P3, P4, M1	Financial and legal influences on sports businesses	As part of their new business set up learners need to consider the legal and financial influences on their business to ensure it is successful.	Presentation or written report and cash flow document.

## RESOURCES

### Books

Bill K – *Sport Management* (Learning Matters, 2009) ISBN 1844452638

Smith A – *Introduction to Sports Marketing* (Butterworth-Heinemann, 2008) ISBN 0750686855

### Websites

BBC Business of Sport [www.bbc.co.uk/new/business/business\\_of\\_sport](http://www.bbc.co.uk/new/business/business_of_sport)

Federation of Small Businesses [www.fsb.org.uk](http://www.fsb.org.uk)

UK National Statistics [www.statistics.gov.uk](http://www.statistics.gov.uk)

### Television

Dragons Den – BBC

The Apprentice – BBC

## MAPPING WITHIN THE QUALIFICATION TO OTHER UNITS

**Unit 3:** Current Issues in Sport

**Unit 21:** The Athlete's Lifestyle

**Unit 22:** Assessing Risk in Sport

**Unit 26:** Work Experience in Sport



## **CONTACT US**

Staff at the OCR Customer Contact Centre are available to take your call between 8am and 5.30pm, Monday to Friday.

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