

Cambridge **TECHNICALS LEVEL 3**

Cambridge
TECHNICALS
2016

BUSINESS

Unit 18

Business operations

F/615/1126

Guided learning hours: 60

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changes indicated by black line

LEVEL 3

UNIT 18: Business operations

F/615/1126

Guided learning hours: 60

Essential resources required for this unit: None

This unit is internally assessed and externally moderated by OCR.

UNIT AIM

In this unit you will explore how business decisions influence how a business operates in order to provide products for the consumer. You will consider the choice and suitability of distribution channels for different types of businesses as well as the advantages and disadvantages of digital operations.

You will explore factors such as transport infrastructure, availability of materials and employees and consider how and why these influence location and supply chain management. You will appreciate that product quality is vital to business success and will understand why quality control and quality assurance are important to businesses and how they can be achieved.

You will learn the advantages and disadvantages of stock control methods, the main characteristics of different production methods and production approaches and their suitability for the different types of products.

Finally, you will understand how businesses make sure their business operations comply with legislation.

TEACHING CONTENT

The teaching content in every unit states what has to be taught to ensure that learners are able to access the highest grades.

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 in their work, although these do not need to be the same ones specified in the unit content.

For internally-assessed units you need to ensure that any assignments you create, or any modifications you make to an assignment, do not expect the learner to do more than they have been taught, but must enable them to access the full range of grades as described in the grading criteria.

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
1. Understand how business decisions influence business operations	1.1 Types of business decision, i.e. <ul style="list-style-type: none"> • tactical • strategic 1.2 How business decisions inform the need for specialisation and division of labour, i.e. <ul style="list-style-type: none"> • functional (e.g. Marketing, Finance/Accounting, Human Resources) • regional (e.g. industrial specialities in certain locations) • international considerations (e.g. natural resources, reduced production costs) • benefits to a business (e.g. improved skills, improved productivity, reputation, greater efficiency, greater economies of scale). 1.3 Channels of distribution and their advantages and disadvantages, i.e. <ul style="list-style-type: none"> • direct (e.g. manufacturer/producer, producer supplying directly to the consumer) • indirect - using intermediaries, i.e. <ul style="list-style-type: none"> ○ wholesaler ○ retailer ○ broker/agent 1.4 Suitability of distribution channels for different businesses (e.g. goods may be perishable, fragile, cost, flexibility). 1.5 Advantages and disadvantages of other distribution solutions, i.e. <ul style="list-style-type: none"> • outsourcing (e.g. reduce costs, access to specialisation, loss of expertise) • subcontracting (e.g. reduce costs, access to specialisation, loss of control) • offshoring (e.g. reduce costs, loss of expertise, language barriers, increasing costs) • re-shoring (e.g. offsetting increased business costs to retain customers and meet expectations).

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
	<p>1.6 Advantages and disadvantages of digital operations, i.e.</p> <ul style="list-style-type: none"> • remote workforce (e.g. flexibility, lower costs, lower productivity, lack of routine, dependence on technology, benefits of face-to-face meetings) • operational process efficiency (e.g. early detection/diagnosis of potential equipment failure, could reduce frequency/severity of repairs, digital failure can lead to complete pause in production, retraining of staff, inflexible response to one-off issues) • product analytics (e.g. helps businesses evaluate product defects, helps businesses detect patterns in usage of products and services, improved customer satisfaction, value is dependent on valid user responses, value is dependent on how product analytics is used) • overall impact on business of digital operations (e.g. improved survival rate of businesses that adapt their products or production processes over time, costs of transition to digital operations, time needed to enable customer familiarisation with new digital operations).
<p>2. Understand how factors which influence location and supply chain management impact on business operations</p>	<p>2.1 Factors that influence location and how these can impact on business operations, i.e.</p> <ul style="list-style-type: none"> • physical infrastructure (e.g. energy supplies, buildings) • information infrastructure (e.g. reliable and rapid broadband internet) • services (e.g. IT infrastructure, telecommunications) • transport links (e.g. road, rail, air) • finance (e.g. cheaper/expensive rent, rates and insurance) • government incentives (e.g. grants for assisted geographical areas/tax breaks) • labour (e.g. skills, educational standards, wages rates, availability of labour) • suppliers (e.g. access to local sources of supply/related activities can reduce costs) • market (e.g. access to customers or particular centres of population). <p>2.2 Factors that influence supply chain management and how these can impact on business operations, i.e.</p> <ul style="list-style-type: none"> • logistics/transportation (e.g. physical movement of products, minimise fuel costs, full vehicles) • the role of warehousing and distribution centres (e.g. increased flexibility and logistical advantage) • digital methods (e.g. networks, servers, applications) • use of Location-Based Services (LBS) (e.g. GPS technology to track a location of vehicles and packages) • materials handling (e.g. minimise handling and storage) • production (e.g. minimise costs of holding stock) • packaging (e.g. efficient design and reduced materials) • stock management (e.g. required minimum stock levels) • security (e.g. minimise shrinkage).

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
<p>3. Understand the production methods, production approaches and stock control methods available to businesses</p>	<p>3.1 Factors that influence choice of stock control method (e.g. raw materials, components, finished products, budget, location, size of business, storage)</p> <p>3.2 The advantages/disadvantages of different stock control methods (e.g. Economic Order Quantity (EOQ), Always Better Control (ABC) system (or Selective Inventory Control uses level of importance), Just in case (Maximum, reorder and minimum (buffer) stock levels can be costly to run))</p> <p>3.3 The main characteristics, advantages and disadvantages of key production methods, i.e.</p> <ul style="list-style-type: none"> • job • batch • flow <p>3.4 The main characteristics of key production approaches, i.e.</p> <ul style="list-style-type: none"> • Lean manufacturing or production (e.g. cell, quality circles) • Kaizen (approach to continuous improvement) • Just-In-Time (JIT) (demand-pull) • Kanban (scheduling system for lean and just-in-time (JIT) production). <p>3.5 How businesses determine the suitability of production methods and production approaches</p> <ul style="list-style-type: none"> • financial implications (e.g. technology, labour, materials, etc.) • resource availability (e.g. raw materials, labour, stock control) • customer requirements (e.g. meet customer needs) • volume of production (e.g. larger production for bigger markets should be more cost-effective) • complexity of production process (e.g. increased costs).
<p>4. Understand why quality control and quality assurance are important to businesses and how they can be achieved</p>	<p>(When introducing this learning outcome, tutors should cover the difference between Quality control (QC) and Quality assurance (QA), i.e.:</p> <ul style="list-style-type: none"> • Characteristics of Quality Assurance (QA) (e.g. <ul style="list-style-type: none"> ○ QA is a pro-active managerial tool ○ QA is the responsibility of the whole workforce ○ QA is process orientated and focuses on prevention ○ QA occurs before and during processes) • Characteristics of quality control (e.g.: <ul style="list-style-type: none"> ○ QC is a reactive and corrective tool which is product orientated ○ QC focuses on identification and correction of components or products that fall below standards ○ QC is carried out to ensure products meet the specification, function correctly, are free of defects.)

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
	<p>4.1 Why quality control and quality assurance are important to businesses, i.e.</p> <ul style="list-style-type: none"> • maintain product quality, process and service (e.g. find and eliminate problems with products or processes) • impact on budget (e.g. impact on direct costs, indirect costs and sales) • ensure adherence with quality standards (e.g. ISO, British Standards) • meet legal requirements • reputation in business (e.g. Benchmarking) • customer satisfaction and loyalty • improved staff morale and retention • time and cost efficiency (e.g. the successful impact of QA and QC saves time in the long run, fewer halts to production, quicker error free production) • reduce wastage • competitive advantage (e.g. charge higher price for perceived quality). <p>4.2 Advantages and disadvantages of quality management systems, i.e.</p> <ul style="list-style-type: none"> • Six Sigma • Zero Defects • Total Quality Management (TQM) • International Quality Standard, (e.g. ISO 9001) • Benchmarking. <p>4.3 Use of quality management systems to maintain and improve quality in business, i.e.</p> <ul style="list-style-type: none"> • staff training to ensure quality (e.g. skilled workers, increasing output, opportunities for promotions, staff morale) • monitoring customer experience and feedback (e.g. internal customers, external customers) • monitoring supplier quality and performance • to embed a business culture (e.g. staff commitment to quality and continual improvement) • to implement required changes once identified. <p>4.4 Impacts on businesses of not maintaining and improving quality, i.e.</p> <ul style="list-style-type: none"> • lost custom following damage to business reputation • increased costs (e.g. more returns, wastage, replacement products) • legal implications (e.g. potential breach of trading standards and health and safety legislation) • effect on staff morale (e.g. high turnover of staff).

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
<p>5. Understand how business operations comply with legislation</p>	<p>5.1 The impact of legislation on business operations, i.e.</p> <ul style="list-style-type: none"> • employment (e.g. Health and Safety at Work Act; Equality Act) • consumer protection (e.g. Consumer Rights Act) • competition (e.g. Competition and Markets Authority (CMA), EU Competition Law). <p>5.2 How businesses ensure their operations comply with legislation (e.g. monitoring, keeping records, compulsory training, use of kite marks, quality assurance, ensuring adherence with IP and copyright legislation).</p>

GRADING CRITERIA

LO	Pass	Merit	Distinction
The learner will:	The assessment criteria are the Pass requirements for this unit.	To achieve a Merit the evidence must show that, in addition to the Pass criteria, the candidate is able to:	To achieve a Distinction the evidence must show that, in addition to the pass and merit criteria, the candidate is able to:
1. Understand how business decisions influence business operations	P1*: Explain how the operations of a specific business may be affected by a specific business decision	M1: Analyse the specialisation and division of labour used by a specific business and the impact on its channels of distribution M2: Analyse the impact of digital operations on a specific business	D1: Identify an alternative distribution solution for a specific business, evaluate the impact on business operations if it were to be implemented and recommend whether or not the business should implement the solution
	P2*: Explain how specialisation and division of labour are used within a specific business		
	P3: Identify the advantages and disadvantages of digital operations for a specific business		
2. Understand how factors which influence location and supply chain management impact on business operations	P4*: Identify the factors that influence location and supply chain management for a specific business and explain how these can impact on business operations		
3. Understand the production methods, production approaches and stock control methods available to businesses	P5: Explain the advantages and disadvantages of two stock control methods used by a specific business		
	P6: Explain why job, batch and flow production methods and approaches are suitable or unsuitable for a specific business		
4. Understand why quality control and quality assurance are important to	P7*: Describe how quality management system(s) are used by a specific business	M3: Analyse how a specific business has addressed a quality issue in a product or service	D2: Evaluate the long-term impact a quality issue has had on a specific business, including any changes to

LO	Pass	Merit	Distinction
businesses and how they can be achieved	P8 Explain why a specific business uses quality management systems		quality assurance and related processes
5. Understand how business operations comply with legislation	P9: Identify legislation which applies to a specific business and explain how it ensures its operations comply with the legislation		

ASSESSMENT GUIDANCE

It is important for learners to have the opportunity to learn and apply their knowledge and skills to meaningful substantial tasks in order to successfully achieve the unit.

Feedback to learners: you can discuss work-in-progress towards summative assessment with learners to make sure it's being done in a planned and timely manner. It also provides an opportunity for you to check the authenticity of the work. You must intervene if you feel there's a health and safety risk.

Learners should use their own words when producing evidence of their knowledge and understanding. When learners use their own words it reduces the possibility of learners' work being identified as plagiarised. If a learner does use someone else's words and ideas in their work, they must acknowledge it, and this is done through referencing. Just quoting and referencing someone else's work will not show that the learner knows or understands it. It has to be clear in the work how the learner is using the material they have referenced **to inform their** thoughts, ideas or conclusions.

For more information about internal assessment, including feedback, authentication and plagiarism, see the centre handbook. Information about how to reference is in the OCR Guide to Referencing available on our website: <http://www.ocr.org.uk/i-want-to/skills-guides/>.

All of the grading criteria can be assessed by considering one specific business. Careful consideration should be given to the business to make sure learners can meet the all of the criteria. Learners are not limited to one business.

SYNOPTIC ASSESSMENT

It will be possible for learners to make connections between other units over and above the unit containing the key tasks for synoptic assessment, please see section 6 of the centre handbook for more detail. We have indicated in this unit where these links are with an asterisk and provided more detail in the next section.

*OPPORTUNITIES FOR APPLYING LEARNING ACROSS UNITS

This identifies opportunities for developing links between teaching and learning with other units in the business suite.

Name of other unit and related LO	This unit and specified LO
<p>Unit 1 The business environment LO2 Understand how the functional areas of businesses work together to support the activities of businesses LO6 Understand the external influences and constraints on businesses and how businesses could respond</p>	<p>LO1 Understand how business decisions influence business operations LO5 Understand how business operations comply with legislation</p>
<p>Unit 3 Business decisions LO1 Understand factors to be taken into account when making business decisions LO6 Be able to use information to make and justify business decisions</p>	<p>LO1 Understand how business decisions influence business operations</p>
<p>Unit 9 Human resources LO1 Understand the responsibilities of the human resources function and the factors that affect it</p>	<p>LO1 Understand how business decisions influence business operations</p>
<p>Unit 10 Economics for business LO1 Understand how microeconomic factors can impact on UK businesses LO2 Understand how macroeconomic factors can impact on UK businesses</p>	<p>LO1 Understand how business decisions influence business operations LO2 Understand how factors which influence location and supply chain management impact on business operations</p>
<p>Unit 13 Management accounting Understand business costs and pricing methods used by businesses</p>	<p>LO1 Understand how business decisions influence business operations</p>
<p>Unit 14 Resource management LO1 Understand how businesses obtain and manage physical resources LO2 Understand factors that influence how physical resources are managed by businesses</p>	<p>LO2 Understand how factors which influence location and supply chain management impact on business operations</p>
<p>Unit 19 International business LO1 Understand the impact of globalisation on businesses, employees and consumers LO2 Understand the opportunities and challenges that businesses face when operating internationally</p>	<p>LO1 Understand how business decisions influence business operations LO2 Understand how factors which influence location and supply chain management impact on business operations</p>
<p>Unit 22 Delivering a business project LO1 Be able to scope a project LO3 Be able to evaluate the effectiveness of the project against its objectives and own contribution towards the project</p>	<p>LO2 Understand how factors which influence location and supply chain management impact on business operations LO4 Understand why quality control and quality assurance are important to businesses and how they can be achieved</p>

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