

SOLIO® - BUSINESS STUDIES/MANAGEMENT

Student Activity 1

In 2005, HBOS plc reported that almost half (48%) of small businesses have waited up to a year for at least one payment from customers. Maintaining business liquidity can be a difficult balancing act for many small businesses and a feat which is not helped when late payment tips the cash flow scales. [Source adapted from <http://www.hbosplc.com/media/pressreleases/articles/bos/2005-09-19-02.asp>]

Working in groups of three or four, discuss and explain why late payment affects the liquidity of small businesses in particular.

Teacher's notes Activity 1

Students should show understanding that a business needs cash to buy the material to make products. If it is expecting a large payment from a customer and this is not paid promptly, the business does not have the funds available to buy the raw material for its next order. The HBOS website given as the source of the data explains that late payment can dent the profitability and even survival of small businesses.

Student Activity 2

Chris Hornor identified maintaining a healthy cash flow as one of his challenges when developing their Solio® solar recharger. In pairs, draw up a diagram or simple flowchart to illustrate the likely stages for developing Solio® from Chris' initial idea to its launch. On your diagram or chart, identify the points at which cash flow is likely to be a major issue, with an explanation of why it would be an issue.

Teacher's notes Activity 2

Processes in the diagrams are likely to include: paying designers; registering designs and trade marks; producing and testing prototypes; buying raw materials; advertising and promotion strategies; establishing distribution networks. Students who complete this activity successfully will have shown clearly that all the activities require cash injection, but there will be no in-flow of cash until the first sales are generated.

Although more able students may produce a flowchart, a simple attempt at producing a process path with boxes and arrows would be sufficient to show understanding.

Student Activity 3

Chris received support from several Government departments and agencies throughout the developmental stage of Solio®. This included advice and a grant from the DTI, and the secure registration of his designs and trade marks with the UK Intellectual Property Office.

Imagine you are a Member of Parliament who has heard that there are proposals to reduce this sort of support. Write a speech that you would present in the House of Commons urging the Government to maintain this support. Your arguments should focus particularly on:

- The impact on small businesses.
- The need to encourage sustainability and the use of renewable energy.

Teacher's notes Activity 3

To complete this activity, students should show understanding that small businesses find it particularly difficult to raise funds through more conventional routes (such as bank loans) because, at start-up, they often have no proven track record. The small business entrepreneur may also have little experience and expertise in running a business and/or successfully launching a new product. Any organisation outside Government that offers support and advice is likely to be profit-making and therefore may not give impartial or objective advice.

Students should then link this with the reasons why Government sees a need to fill this gap. These may include:

- Small businesses increase competition.
- Small businesses often fill a gap in the market, meet a need, or service a niche market which may not interest larger businesses.
- Small businesses provide opportunities for entrepreneurship and self-sufficiency.
- Small businesses add to the development pool of innovative and technologically advanced products.
- All business ventures provide employment opportunities and generate wealth.

This activity could form part of a larger project with links to the Citizenship curriculum (in England) in the following areas: the work of Parliament, how the economy functions, the role of business and financial services, and challenges of global interdependence and responsibility, including sustainable development.

The following websites may be useful as background for teachers and students. The Earthshare and dti renewable energy sites in particular draw attention to the impact of large businesses on the environment. Some of the strategies and activities they suggest lend themselves particularly well to small business activity.

www.businesslink.gov.uk — website offering business advice

www.ipo.gov.uk — The UK Intellectual Property Office website

www.defra.gov.uk/environment/energy/chp/ — DEFRA sustainable energy website

www.cse.org.uk/ — Centre for Sustainable energy website

www.earthshare.org/get_involved/involved.html — website for Earth Share, a network of American environmental and conservation organisations

Student Activity 4

From the case study about Solio®, explain how an understanding of intellectual property enabled Better Energy Systems to create a successful enterprise.

Teacher's notes Activity 4

All the information required is contained within the Solio® case study and, in particular, the section 'Protecting Intellectual Property (IP)'. However, more detail about IP is available if necessary on the UK Intellectual Property Office website (www.ipo.gov.uk).

Lesson plan Business Studies/Management Suggested lesson structure [45 minutes/one hour]

Lesson objectives

For students to understand

- Why Government gives support in terms of finance and advice to business.

For students to enhance their understanding of how

- Poor liquidity can adversely affect business activity.
- A healthy cash flow is crucial for maintaining liquidity.

Prior learning

Students should understand the terms 'liquidity' and 'cash flow', and how these impact on business activity. They should also have some understanding of the costs involved during the research, development and launch stages of the product life cycle.

Resources

Activity 1: to be produced as an OHT or IWB slide, or on photocopied sheets (one per group).
Activity 2: A3 or A2 paper and felt-tip pens required.

Starter

Students to think about other examples of solar-powered products they are aware of.
Teacher-led class discussion to reinforce theory of cash flow and its impact on business.
Activity 1: Students to work in groups and feed back to the class.

Main

Activity 2: Teacher to introduce activity by making reference to the discussions arising from Activity 1.
Feed back to the class.

Plenary

Whole class discussion on importance of maintaining healthy cash flow. Introduction to Activities 3 and 4.

Homework and/or extension activity

Activity 3 (more suitable for higher abilities)
Activity 4