

# Unit 6: Business Decision Making

Unit code: D/601/0578

QCF level: 5

Credit value: 15 credits

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- Aim

The aim of this unit is to give learners the opportunity to develop techniques for data gathering and storage, an understanding of the tools available to create and present useful information, in order to make business decisions

- Unit abstract

In business, good decision making requires the effective use of information. This unit gives learners the opportunity to examine a variety of sources and develop techniques in relation to four aspects of information: data gathering, data storage, and the tools available to create and present useful information.

ICT is used in business to carry out much of this work and an appreciation and use of appropriate ICT software is central to completion of this unit. Specifically, learners will use spreadsheets and other software for data analysis and the preparation of information. The use of spreadsheets to manipulate numbers, and understanding how to apply the results, are seen as more important than the mathematical derivation of formulae used.

Learners will gain an appreciation of information systems currently used at all levels in an organisation as aids to decision making.

- Learning outcomes

**On successful completion of this unit a learner will:**

- 1 Be able to use a variety of sources for the collection of data, both primary and secondary
- 2 Understand a range of techniques to analyse data effectively for business purposes
- 3 Be able to produce information in appropriate formats for decision making in an organisational context
- 4 Be able to use software-generated information to make decisions in an organisation.

# Unit content

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## 1 Be able to use a variety of sources for the collection of data, both primary and secondary

*Primary sources:* survey methodology; questionnaire design; sample frame; sampling methods; sample error

*Secondary sources:* internet research; government and other published data; by-product data

*Storage:* security of information; data protection issues; ethical issues

## 2 Understand a range of techniques to analyse data effectively for business purposes

*Representative values:* mean, median, mode; calculation from raw data and frequency distributions using appropriate software; using the results to draw valid conclusions

*Measures of dispersion:* standard deviation for small and large samples; typical uses (statistical process e.g. control, buffer stock levels)

*Calculation:* use of quartiles, percentiles, correlation coefficient

## 3 Be able to produce information in appropriate formats for decision making in an organisational context

*Creation and interpretation of graphs using spreadsheets:* line, pie, bar charts and histograms *Scatter (XY) graphs and linear trend lines:* extrapolation for forecasting (reliability) *Presentations and report writing:* use of appropriate formats; presentation software and techniques

## 4 Be able to use software-generated information to make decisions in an organisation

*Management information systems:* computers and information processing tools for operational, tactical and strategic levels of the organisation

*Project management:* networking and critical path analysis, Gantt and Pert charts

*Financial tools:* net present value; discounted cash flow; internal rates of return

## Learning outcomes and assessment criteria

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<b>Learning outcomes</b> <b>On successful completion of this unit a learner will:</b>	<b>Assessment criteria for pass</b> <b>The learner can:</b>
LO1 Be able to use a variety of sources for the collection of data, both primary and secondary	1.1 create a plan for the collection of primary and secondary data for a given business problem 1.2 present the survey methodology and sampling frame used 1.3 design a questionnaire for a given business problem
LO2 Understand a range of techniques to analyse data effectively for business purposes	2.1 create information for decision making by summarising data using representative values 2.2 analyse the results to draw valid conclusions in a business context 2.3 analyse data using measures of dispersion to inform a given business scenario 2.4 explain how quartiles, percentiles and the correlation coefficient are used to draw useful conclusions in a business context
LO3 Be able to produce information in appropriate formats for decision making in an organisational context	3.1 produce graphs using spreadsheets and draw valid conclusions based on the information derived 3.2 create trend lines in spreadsheet graphs to assist in forecasting for specified business information 3.3 prepare a business presentation using suitable software and techniques to disseminate information effectively 3.4 produce a formal business report
LO4 Be able to use software-generated information to make decisions in an organisation	4.1 use appropriate information processing tools 4.2 prepare a project plan for an activity and determine the critical path 4.3 use financial tools for decision making.

# Guidance

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## Links

This unit should be linked to the other core units in the programme in particular: *Unit 1: Business Environment*, *Unit 2: Managing Financial Resources and Decisions*, *Unit 7: Business Strategy* and *Unit 8: Research Project*.

There are also links with the following specialist units: *Unit 9: Management Accounting: Costing and Budgeting*, *Unit 15: Managing Business Activities to Achieve Results*, *Unit 16: Managing Communications, Knowledge and Information*, *Unit 19: Marketing Planning* and *Unit 34: Operations Management in Business*.

This unit also links to the Management and Leadership NOS as mapped in *Annexe B*.

## Essential requirements

It is essential that learners have access to computers and the internet and specialist packages for statistical analysis and network planning.

## Employer engagement and vocational contexts

Centres should try to develop links with local businesses. Many businesses and chambers of commerce are keen to promote local business and are often willing to provide visit opportunities, guest speakers, information about business and the local business context.