

BCS Certificate in Commercial Awareness Syllabus

**Version 2.0
February 2016**

Change History

Any changes made to the syllabus shall be clearly documented with a change history log. This shall include the latest version number, date of the amendment and changes made. The purpose is to identify quickly what changes have been made.

Version Number	Changes Made
Version 2.0 February 2016	Updated recommended reading list and notes to syllabus for 'Business analysis Techniques: 99 Essential tools for Success'
Version 1.9 June 2015	Corrected the course duration from 21 hours to 14 hours.
Version 1.8 March 2015	Updated language requirements for extra time and use of dictionaries. Updated Reading List. Updated the trainer criteria.
Version 1.7 March 2013	Updated section 3.1, 3.2 and 3.3 to align with new edition of Blackstaff text book as follows: 3.1 Statement of Financial Position (Balance Sheet) Purpose and Structure; The nature, purpose and types of Capital; Current and non-current liabilities; Current and non-current assets 3.2 Income and Expenditure (Income Statement, Profit and Loss Account) The importance of operating profit; Revenue (turnover); Cost of sales Administrative expenses; Profit after tax 3.3 Statement of Cash Flows (Cash Flow Statement)
Version 1.6 December 2012	Mistakenly added 15 minutes reading time, this has now been removed
Version 1.5 September 2012	Updated the reasonable adjustments requirements Updated a section to cover excerpts from BCS books
Version 1.4 August 2012	Added in details of extra time for foreign language candidates and that candidates are allowed the use of calculators (provided by BCS only) in the examination.
Version 1.3 February 2012	Minor additions made to Part 1 and Part 2. Updated page numbers.

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Introduction

This certificate is concerned with the commercial and organisational knowledge required for business analysis work. The syllabus is structured around the two key areas of Business Finance and Organisational Behaviour, and uses definitions, techniques and principles from the books specified in the recommended reading list.

Objectives

Holders of the BCS BSD Certificate in Commercial Awareness should be able to:

- Understand three techniques used to evaluate a financial case.
- Understand costing and pricing.
- Understand cash flow forecasting and budgeting.
- Describe the contents of financial accounting documents.
- Interpret financial accounts.
- Explain specified business performance ratios.
- Define the elements and usage of Porter's Five Forces Framework and Value Chain.
- Define the elements and usage of the Boston Consulting Group's matrix.
- Define the performance measures and usage of the Balanced Business Scorecard.
- Define the elements of specified cultural analysis approaches.
- Explain the different management structures and their characteristics.
- Define the different architectures that may be adopted by organisations.

Course Format and Duration

Candidates can study for this certificate in two ways: by attending training courses provided by BCS Examination Providers or by self-study.

It is the view of BCS that, for full coverage to be achieved, training courses leading to the certificate should normally run for 14 hours.

The course can be delivered a number of different ways from traditional class-room based training to online e-learning.

Eligibility for the Examination

There are no specific pre-requisites for entry to the examination; however candidates should be suitably prepared and possess the appropriate skills and knowledge to fulfil the objectives above.

Duration and Format of the Examination

The format for the examination is a closed book one hour multiple-choice examination. The examination contains 40 questions and candidates must answer at least 65% (26/40) of the questions correctly in order to be awarded a pass. Candidates are allowed to use calculators during the examination; these will be provided by BCS. Candidates are not allowed to use their own calculators during the examination.

Candidates who are awarded a pass for the examination are awarded the BCS Certificate in Commercial Awareness.

Additional time for candidates requiring Reasonable Adjustments due to a disability

Candidates may request additional time if they require reasonable adjustments. Please refer to the [reasonable adjustments policy](#) for detailed information on how and when to apply.

Additional time for candidates whose language is not the language of the examination

If the examination is taken in a language that is not the candidate's native / official language then they are entitled to 25% extra time

If the examination is taken in a language that is not the candidate's native / official language then they are entitled to use their own **paper** language dictionary (whose purpose is translation between the examination language and another national language) during the examination. Electronic versions of dictionaries will **not** be allowed into the examination room.

Excerpts from BCS Books

Accredited Training Organisations may include excerpts from BCS books in the course materials. If you wish to use excerpts from the books you will need a license from BCS to do this. If you are interested in taking out a licence to use BCS published material you should contact the Head of Publishing at BCS outlining the material you wish to copy and the use to which it will be put.

Calculators

Simple non-programmable calculators can be used during paper based examinations (to be provided by the candidate). Candidates taking on-line examinations will have access to an on screen calculator. No other calculators or mobile technology will be allowed.

Syllabus - Part 1 – Business Finance – 50% of course/examination

1. Evaluating a Financial Case 15%
 - 1.1. Purpose of Building a Financial Case
 - 1.2. Techniques used for evaluating a Financial Case
 - i Payback
 1. Calculation
 2. Payback and Risk
 3. Limitations of Payback
 - ii Discounted Cash Flow /Net Present Value
 1. Purpose
 2. Calculation
 3. The NPV Decision Rule
 - iii Internal Rate of Return
 1. How to derive IRR
 2. How IRR is used
 3. The IRR Decision Rule
2. Budgeting, Costing and Pricing 15%
 - 2.1. Budgets and Departmentalised Businesses
 - i The purpose of budgets
 - ii Reasons for departmentalisation
 - iii Cost centres and profit centres
 - 2.2. Cash Flow and Cash Management
 - i Cash flow forecasting
 - ii Use of cash flow in decision making
 - iii Cash flow and profit
 - 2.3. Costing and Pricing
 - i Fixed and Variable costs
 - ii Direct and indirect costs
 - iii Break even and Contribution Analysis
3. Financial Reporting and Analysis 20%
 - 3.1. Statement of Financial Position (Balance Sheet)
 - i Purpose and Structure
 - ii The nature, purpose and types of Capital
 - iii Current and non-current liabilities
 - iv Current and non-current assets
 - 3.2. Income and Expenditure (Income Statement, Profit and Loss Account)
 - i The importance of Operating Profit
 - ii Revenue (turnover)
 - iii Cost of Sales
 - iv Administrative Expenses
 - v Profit after Tax
 - 3.3. Statement of Cash Flows (Cash Flow Statement)
 - 3.4. Ratios (formulae and interpretation)
 - i Profitability Ratios: Operating Margin and Return on Capital Employed ratios
 - ii Liquidity (Cash Management) Ratios : Current and "Acid Test" ratios
 - iii Gearing (Leverage) Ratio: Debt/Equity Ratio

Syllabus Part 2 – Organisational Behaviour

(Based on Organisational Behaviour and Business Analysis Techniques books) 50% of course / examination

4. Market analysis and competitive advantage 15%
 - 4.1. Analysing the business domain - Porter's Five Forces Analysis
 - 4.2. Analysing the portfolio - Boston Box
 - 4.3. Delivering value - Porter's Value Chain
5. Organisational behaviour and culture 10%
 - 5.1. What is organisational behaviour?
 - 5.2. Organisational effectiveness and the Balanced Scorecard
 - 5.3. Understanding and analysing culture
 - i. Organisational Cultural Types (Deal and Kennedy; Handy)
 - ii. International Cultures (Hofstede)
 - iii. The Cultural Web
6. Group formation 5%
 - 6.1 Groups and group dynamics
 - 6.2 Formal and informal groups
 - i. Groups and group tasks
 - ii. Characteristics of formal groups
 - iii. Homan's theory of group formation
 - iv. Tuckman and Jensen's theory of group development
 - v. Characteristics of informal groups
 - vi. Social networks
7. Principles of organisational structure 10%
 - 7.1 Organisation structuring
 - i. Elements of organisation structure
 - ii. The six Structure Levels
 - iii. The Leavitt Diamond
 - 7.2 Types of jobs
 - i. Work specialisation
 - ii. Flat and tall hierarchies
 - iii. Span of control
 - 7.3 Line, staff and functional relationships
 - 7.4 Formalisation of rules and procedures
 - 7.5 Centralisation v decentralisation
 - i. Advantages
 - ii. Disadvantages
8. Operating models 10%
 - 8.1 Organisation structures and their characteristics
 - i. Functional
 - ii. Divisional – product or service/ geography/ customer
 - iii. Matrix
 - iv. Team-based – cross functional/ project
 - 8.2 Organisational boundaries
 - i. Boundaryless organisations
 - ii. Outsourcing
 - iii. Offshoring
 - iv. Hollow organisation structures
 - v. Modular organisation structures
 - vi. Virtual organisations
 - vii. Collaborations and strategic alliances

Levels of Knowledge

This course will provide candidates with the levels of difficulty, knowledge and skill highlighted within the following table, enabling them to develop the skills to operate at the levels of responsibility indicated.

The levels of knowledge and SFIA levels are explained on the website www.bcs.org/levels.

Level	Levels of knowledge	Levels of skill and responsibility (SFIA)
K7		Set strategy, inspire and mobilise
K6	Evaluate	Initiate and influence
K5	Synthesise	Ensure and advise
K4	Analyse	Enable
K3	Apply	Apply
K2	Understand	Assist
K1	Remember	Follow

Notes to the Syllabus

Part 1 – this part of the syllabus is based upon the following publications:

Section 1:

- Finance for IT Decision Makers – Chapters 2 – 6 Business Analysis Techniques – Technique 47.

Section 2:

- Finance for IT Decision Makers – Chapter 11

Section 3:

- Finance for IT Decision Makers – Chapter 1 and Chapter 12

Part 2 – this part of the syllabus is based upon the following publications:

Section 4:

- Business Analysis Techniques – Technique 2
- Business Analysis Techniques – Technique 5
- Business Analysis Techniques – Technique 45

Section 5:

- Organisational Behaviour – Chapter 1
- Business Analysis Techniques – Technique 91

Section 6:

- Organisational Behaviour – Chapter 10

Section 7:

- Organisational Behaviour – Chapter 15

Section 8:

- Organisational Behaviour – Chapter 17

Format of the Examination

Type	Closed book, multiple-choice
Duration	1 Hour. Candidates are entitled to an additional 15 minutes if they are sitting an examination in a language that is not their native/official language.
Pre-requisites	Accredited training is strongly recommended but is not a pre-requisite
Supervised / Invigilated	Yes
Open Book	No
Pass Mark	26/40 (65%)
Distinction Mark	None
Calculators	Calculators cannot be used during this examination
Delivery	Paper based examination

Trainer Criteria

Criteria	<ul style="list-style-type: none">• Hold the BCS Certificate in Commercial Awareness• Have a minimum of 2 years training experience or 1 year with a recognised qualification• Have a minimum of 3 years practical experience in the relevant subject area
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Class Room Size

Trainer to candidate ratio	1:16
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Recommended Reading List

Title: Business Analysis 3rd Edition
Author: Debra Paul, Donald Yeates and James Cadle
Publisher: BCS
Publication Date: September 2014
ISBN: 978-1780172774
URL: <http://shop.bcs.org>

Title: Organizational Behaviour
Author: Prof David A Buchanan and Dr Andrzej A Huczynski
Publisher: Financial Times/Prentice Hall
Publication Date: May 2010
ISBN: 0273728598

Title: Finance for IT Decision Makers: A Practical Handbook **Author:** Michael Blackstaff
Publisher: BCS
Publication Date: September 2012
ISBN: 1902505735
URL: <http://shop.bcs.org>

Title: Business Analysis Techniques: 99 Essential Tools for Success
Author: James Cadle, Debbie Paul and Paul Turner
Publisher: BCS
Publication Date: September 2014
ISBN: 978-1780172736
URL: <http://shop.bcs.org>

Glossary - Introduction

This glossary has been defined to support the syllabus for the BCS Certificate in Commercial Awareness.

The syllabus is structured around the two key areas of Business Finance and Organisational Behaviour, and uses techniques and principles from the books specified in the recommended reading list, and terms defined in this glossary.

Glossary of terms derived from the above publications

Accountability

The obligation of a subordinate to report back on their actions or duties for which they have accepted responsibility

Aggregate (as distinct from a Group)

A gathering of unconnected persons who happen to be in close physical proximity for a short period of time yet are not part of an identifiable unit

Authority

The formal right to guide or direct the actions of others in pursuit of organisational goals

Asset

Something that is owned and of worth to the business. Generally classified in the Balance Sheet as "Fixed" (non-current) and "Current". Fixed Assets may be classified as "Tangible" and "Intangible"

Balanced Business Scorecard

An approach that captures financial and non-financial measure of performance in four quadrants: financial, customer, internal process and learning and growth

Boundaryless Organisations

An organisation architecture that possesses permeable internal and external boundaries which give it flexibility and thus the ability to respond to change rapidly

Budget

The financial evaluation of a plan of action for a period of time in the future

Cash Flow

The movement of money into or out of a business, usually specified during a finite period of time

Centralisation

Decision making power and authority made by managers at the top of an organisation's hierarchy

Decentralisation

Authority and responsibility for decision making delegated down to operating units, branches or lower level managers of an organisation

Delegation

The granting by managers of decision-making authority to individuals or groups at lower hierarchical levels of an organisation

Departmentalisation

The grouping together of jobs, activities and employees that share factors in common, such as, functional expertise, a geographical area, the service offered, the type of customer served, etc.

Discounted Cash Flow

An investment appraisal technique that takes account of the time value of money. The annual net cash flow for each year following the implementation of the change is reduced (discounted) in line with the estimated reduction in the value of money. The discounted cash flows are then added to produce a net present value

Fixed Cost

In Management Accounting, the costs that are incurred by a business irrespective of revenue earned or associated Variable Costs

Formal Groups

A collection of individuals that has been created by management specifically to accomplish a defined task or set of tasks that are aligned to the organisation's goal

Fundamental Attribution Error

The tendency to blame an individual rather than consider other factors present in the situation within which the individual works.

Government Organisations

An organisation that has been set up to conduct the bureaucracy of legislation, administration and arbitration of a government in control of a state

Group

Two or more humans interact with one another, and who collectively have a sense of unity in the accomplishment of goals (see **Team**)

Group Dynamics

Forces that operate within groups that influence behaviour, performance and, consequently, outcomes

Informal Groups

Groups that emerge from within a formal group that develop as a result of spontaneous interactions and which then influence one another's behaviour

Internal Rate of Return

A calculation that assess the return on investment from a project, defined as a percentage rate. This percentage is the discount rate at which the net present value is equal to zero. It is used to compare projects to see which are the better investment opportunities

Job Definition

An activity to determine the task requirements of each job within an organisation

Job Description

A statement, usually narrative, that lists the general tasks, functions and responsibilities of a position occupied by an individual within the organisation. It may also include reporting lines, qualifications or skills needed to perform the tasks.

Liability

Financially, something that is owed by or an obligation of an organisation, and shown on the Balance Sheet in the organisation's financial accounts

Limited Liability Company

A company whose members or shareholders are legally responsible only to a specified amount for its debts

Line Employees

Individuals who are directly responsible for manufacturing goods or providing a service that are the primary activities within an organisation, rather than being engaged in the support activities

Line Relationships

The connections between positions in an organisation that define the manager-subordinate relationships, and are depicted vertically, connecting the positions at each level – incorporate in the Organisation Structure

Net Present Value

The amount an investment is worth once all of the net annual cash flows in the years following the current one are adjusted to today's value of money. The net present value is calculated using the discounted cash flow approach to investment appraisal.

Non-current Assets

Otherwise known as "Fixed Assets", are long term and likely to last more than one year

Non-governmental Organisation

The term is usually used to describe organisations that are not conventional "for-profit" businesses and which pursue a social aim that has political aspects but is a legally constituted organisation that operates independently from any government.

Non-profit (or Not-for-profit) Organisation

An organisation that does not distribute its financial surpluses to owners or shareholders, but instead uses them in the pursuit of its goals

Operating Model

A business architecture showing the arrangement of people, processes and systems, which is created to ensure the delivery of business strategies and objectives

Opportunity Cost

The cost of the lost opportunity when using owned money to invest in something else rather than the best alternative investment.

Organisation

A group of individuals focused on achieving collective goals.

Organisational behaviour

An approach to understanding how individuals and groups act in organisations. There are four areas examined when considering organisational behaviour: individual, group, structure and management.

Organisational Architecture

Is a metaphor for the framework of linked internal and external elements that an organisation uses to realise its core qualities and goals as specified in its Vision Statement – Human Resources + Formal Organisation + Informal Organisation + Business Processes + Strategy = Organisational Architecture

Organisational Culture

The factors that influence the way that employees think, feel and act towards other people, both within and outside of the organisation; those factors being shared values, beliefs and norms

Organisational Design

The process of creating roles, processes and formal reporting relationships in an organisation that becomes the Organisational Architecture

Organisation Structure

The formal framework of task and reporting relationships which are directed to the achievement of organisational goals. Such structures may be hierarchical or flat and informal structures may emerge to obviate operational difficulties imposed by a deep hierarchy.

Payback Calculation

An investment appraisal technique where a cash flow forecast for a project is produced using the current values of the incoming and outgoing cash flows, with no attempt to adjust them for the declining value of money over time.

Primary Activities

In Value Chain Analysis the activities that represent the key areas that need to work together to deliver an output of value to the customer

Privately-owned organisations

Organisations that are wholly owned by an individual or group of individuals in the form of shareholders or partners. The liability of any such person may be legally limited by the formation of a Limited Company or Limited Liability Partnership. The shares of such private companies may be privately held or publicly traded.

Profit (as distinct from Cash Flow)

The difference between the income or revenue earned by a business and the expenses incurred by that business in earning it within a specified time period irrespective of whether monies have been received or paid out

Responsibility

A duty or obligation on an employee to perform tasks, functions or assignments to a required standard

Staff Employees

Employees of an organisation who use their specialist expertise, usually in an advisory capacity, to support Line Employees and Management by providing the Secondary or Support Activities

Support Activities

In Value Chain Analysis the activities that represent the internal functions that offer support to the Primary Activities.

Surplus

The difference between supply and demand of a commodity. A monetary surplus exists in a non-profit organisation when income exceeds expenditure.

Team

A number or persons who share a common goal and are linked in a common purpose to achieve it. A group does not necessarily constitute a team, which would normally comprise members with complementary skills and generate synergy through a co-ordinated effort in the pursuit of the goal, the strengths of one team member mitigating the weaknesses of another

Value Chain Analysis

A technique developed originally by Michael Porter (1985) that shows the different organisational activities that are grouped together to deliver value to customers.

Variable Cost

In Management Accounting, a cost that varies proportionally with a chosen unit. For example, in a manufacturing business the chosen unit might be the number of items manufactured

Virtual organisation

A business model whereby an organisation performs its core functions and outsources the remaining functions in order to provide the products or services to their customers.