

## BSBSBM404A Undertake business planning

### Unit descriptor

This unit covers the research and development of an integrated business plan for achieving business goals and objectives. It is suitable for setting up or existing micro and small businesses or a department in a larger organisation.

This unit is related to BSBSBM301 Research business opportunities. Consider co-assessment with BSBSBM401 Establish business and legal requirements, BSBSBM402 Undertake financial planning and BSBSBM403 Promote the business.

### ELEMENT

### PERFORMANCE CRITERIA

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|---|--|
| 1 Identify elements of a business plan    | 1.1 Components of a business plan relevant to a <i>business opportunity</i> identified and reviewed  |
|   | 1.2 Purpose of the <i>business plan</i> is identified  |
|   | 1.3 <i>Business goals and objectives</i> are identified and documented, as a basis for measuring business performance  |
| 2 Develop a business plan                 | 2.1 The <i>business plan</i> demonstrates research into customer needs, resources and legal requirements especially occupational health and safety, in accordance with business goals and objectives |
|   | 2.2 The <i>financial plan</i> identifies sources and costs of finance to provide required liquidity and profitability for the business   |
|   | 2.3 <i>Marketing/promotion strategies</i> identify methods to promote the market exposure of the business  |
|   | 2.4 <i>Production/operations plan</i> identifies methods/means of production/operation to conform with business goals and objectives   |
|   | 2.5 <i>Staffing</i> requirements, are identified as required to effectively produce/deliver products/services  |
|   | 2.6 <i>Specialist services</i> and sources of advice are identified where required, and costed in accordance with resources available  |
| 3 Develop strategies for minimising risks | 3.1 Specific interests and objectives of <i>relevant people</i> are identified and their support of the planned business direction is sought and confirmed   |

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### PERFORMANCE CRITERIA

- 3.2 *Risk management strategies* are identified and developed according to business goals and objectives and relevant legal requirements
- 3.3 *Contingency plan* is developed to address possible areas of non-conformance to plan

### RANGE STATEMENT

The range statement provides advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment. The following variables may be present for this particular unit:

**Legislation, codes and national standards relevant to the workplace** that may include:

- award and enterprise agreements and relevant industrial instruments
- national, state/territory and local government legislative requirements affecting business operation, especially in regard to occupational health and safety and environmental issues, EEO, industrial relations and anti-discrimination
- relevant industry codes of practice.

**Occupational health and safety issues** must include:

- management of the organisation and operation of OHS as part of the business plan
- procedures for managing hazards in the workplace (identify, assess and control)
- identification of specific hazard issues such as occupational violence, security, manual handling, equipment and hazardous substances.
- provisions for ensuring safety of members of the public and contractors visiting the premises/work site.

**Business plan** may include:

- proposed size and scale of the business
- market focus of the business
- marketing requirements
- sources of funding
- need to raise finance and requirements of lenders
- level of risk involved, risk assessment and management
- stages in the business development
- business opportunities
- resources required and available
- details of ownership/management
- staffing

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- organisation/operational arrangements
- specialist services and sources of advice which may be required
- finance, expenditure statement, balance sheet and cash flow forecast, projections for the initial years of operation assumptions underlying the business plan, expected level of inflation and taxation, expected trend of interest rate, capital expenditure and its timing, stock turnover, debtors collection period, creditor payment period, return on investment
- recognition of any seasonal or cyclical (time-based) elements which are crucial to the success of the enterprise.

**Business opportunities** may be influenced by expected financial viability, skills of operator and amount and types of finance available.

**Business goals and objectives** may include:

- goals, objectives, plans, systems and processes
- short, medium or long-term goals
- financial projections
- customer needs/marketing projections
- proposed size and scale of the business
- market focus of the business
- lifestyle issues.

**Financial plan** may include:

- the current financial state of the enterprise (or owner/operator)
- financial performance to date (if applicable)
- likely return on investment
- a review of financial inputs required (sources and forms of finance)
- projections of likely financial results (budgeting)
- projected profit targets, pricing strategies, margins
- profit, turnover, capital and equity targets
- risks and measures to manage or minimise risks
- working, fixed, debt and equity capital
- non-recurrent assets calculations
- projections may vary depending on the importance of such information and the stage in the life of the business
- monthly, quarterly or annual returns
- analysis of sales by product/service, identifying where they were sold and to whom
- estimates of profit and loss projections for each forward period
- cash flow estimates for each forward period
- resources required to implement the proposed marketing and production strategies (staff, materials, plant and equipment).

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**Financial resources** may include:

- personal, financial institutions, trade/industry sources
- government sources e.g. federal and state governments which provide various forms of technical and financial assistance including direct cash grants, subsidies, tax concessions and professional and technical advice.

**Financial backers** may include:

- owner, family and friends
- providers of venture capital
- banks or finance companies
- leasing and hire purchase financiers.

**Production/operations plan** may include:

- options for production, delivery, technical and customer service and support
- means of supply and distribution
- operational targets and action plan may include short, medium or long-term goals
- customer requirements, market expectations, budgetary constraints
- industrial relations climate and quality assurance considerations.

**Staffing requirements** may include:

- owner/operator
- full-time, part-time staff, permanent, temporary or casual staff
- sub-contractors or external advisers/consultants.

**Specialist services** may include:

- accountants
- lawyers and providers of legal advice
- government agencies
- industry/trade associations
- online gateways
- business brokers/business consultants.

**Relevant people** may include:

- owner/operator, partners, financial backers
- family members
- clients
- suppliers
- franchise agency
- trade or industry associations
- regulatory bodies.

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**Risk management strategies** may include:

- security systems to provide physical security of premises, plant, equipment, goods and services
- security of intellectual property
- knowledge management
- breach of contract, product liability
- measures to manage risk including securing appropriate insurance to cover loss of earnings through sickness/accidents, drought, flood, fire, theft and professional indemnity.

And must include occupational health and safety requirements.

**Contingency plan** may include disturbances to cash flow, supply and/or distribution, sickness or personal considerations.

### EVIDENCE GUIDE

The evidence guide identifies the critical aspects, knowledge and skills to be demonstrated to confirm competence for this unit. This is an integral part of the assessment of competence and should be read in conjunction with the range statement.

#### Critical aspects of evidence

- The development of a business plan which provides for finance, marketing and provision of products/services to facilitate the business goals and objectives.
- Ability to identify and plan for occupational health and safety, duty of care responsibilities (knowledge of relative legislation).

#### Underpinning knowledge

At this level the learner must demonstrate understanding of a broad knowledge base incorporating some theoretical concepts.

- National, state/territory and local government legislative requirements affecting business operation, especially in regard to occupational health and safety and environmental issues, EEO, industrial relations and anti-discrimination.
- OHS responsibilities and procedures for identifying hazards relevant to business.
- Reasons for and benefits of business planning.
- Planning processes.
- Preparation of a business plan.
- Setting goals and objectives.
- Methods of evaluation.
- Types of business planning – feasibility studies, strategic, operational, financial planning.
- Relevant industry codes of practice.
- Principles of risk management relevant to business planning.

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### Underpinning skills

- Literacy skills to enable interpretation of business information.
- Communication skills relevant to business performance.
- Numeracy skills for data analysis.
- Ability to relate to people from a range of social, cultural and ethnic backgrounds and physical and mental abilities.

### Resource implications

The learner and trainer should have access to appropriate documentation and resources normally used in the workplace.

These may include:

- computer equipment
- business references such as relevant legislation and regulation relating to the business operation especially OHS requirements.

### Consistency of performance

In order to achieve consistency of performance, evidence should be collected over a set period of time which is sufficient to include dealings with an appropriate range and variety of situations.

### Context of assessment

- Competency is demonstrated by performance of all stated criteria, including paying particular attention to the critical aspects and the knowledge and skills elaborated in the evidence guide, and within the scope as defined by the range statement.
- Assessment must take account of the endorsed assessment guidelines in the Business Services Training Package.
- Assessment of performance requirements in this unit should be undertaken in an actual workplace or simulated environment.
- Assessment should reinforce the integration of the key competencies and the business services common competencies for the particular AQF level. Refer to the key competency levels at the end of this unit.

### Key competency levels

- **Collecting, analysing and organising information** (level 3) to develop a business plan.
- **Communicating ideas and information** (level 2) to gain support for the business plan.
- **Planning and organising activities** (level 3) to support the business operation.
- **Working with teams and others** (level 2) to plan staffing and supply of goods and services.
- **Using mathematical ideas and techniques** (level 3) to aid financial planning.
- **Solving problems** (level 3) to support business planning.
- **Using technology** (level 1) to aid business planning.

Please refer to the assessment guidelines for advice on how to use the key