



Australian Government

SITXINV601 Establish stock purchasing and control systems

Release 1

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Modification History

The version details of this endorsed unit of competency set are in the table below. The latest information is at the top.

Version	Comments
1.0	N Replaces but is not equivalent to SITXINV003A Manage and purchase stock. Change to title for greater consistency across Training Package and to better reflect the intent of the unit. Changes made to structure and word content of Elements and Performance Criteria for clarity. Technology skills and knowledge added.

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to establish and implement stock control and cost effective stock purchasing and supply systems for a business.

Application of the Unit

This unit applies to the tourism, travel, hospitality and event industry sectors.

The unit is relevant to organisations where stock management is an integral and essential part of business operations, and where there are complex purchasing and control issues to be considered. The unit is not appropriate for situations where stock management is very simple, such as controlling stationery supplies in a small office.

It applies to senior managers who operate with significant autonomy and who are responsible for making a range of strategic management decisions.

Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements and Performance Criteria

Elements describe the essential outcomes of a unit of competency. Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.

- | | |
|---|---|
| 1. Determine stock requirements. | 1.1 Use business <i>data, forecasting methods</i> and <i>standard measures</i> to calculate required <i>stock</i> levels.
1.2 Determine stock requirements for standard business periods, peak seasons and special events.
1.3 Establish cost-effective purchase quantities based on business information and supplier advice. |
| 2. Establish optimum supply arrangements. | 2.1 Evaluate quality of supply, based on feedback from colleagues and customers.
2.2 Source and review potential suppliers.
2.3 Develop appropriate and accurate <i>purchase specifications</i> .
2.4 Assess suppliers against specifications considering all <i>relevant factors</i> .
2.5 Assess <i>terms of purchase</i> and negotiate with suppliers to achieve optimum supply arrangements.
2.6 Adjust sources of supply and make accurate records of agreements. |
| 3. Develop and implement stock control systems. | 3.1 Develop <i>stock control systems</i> and communicate to all relevant staff.
3.2 Develop <i>special control systems</i> for stock with high wastage or loss.
3.3 Monitor workplace systems and make adjustments according to feedback and operational experience.
3.4 Initiate training of staff to minimise stock wastage. |

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

- communication skills to negotiate complex supply arrangements and liaise with stock suppliers
- critical thinking skills to assess supplier ability to meet the needs of the organisation and evaluate and determine optimum supply arrangements
- initiative and enterprise skills to negotiate cost effective supply and maximise profitability
- literacy skills to:
 - read and interpret complex supplier cost sheets, specific terms of purchase and supplier contracts
 - research potential suppliers, sort and analyse information to make decisions on supply arrangements
 - write complex and accurate purchase specifications and stock control system documents
- numeracy skills to:
 - work with budgets
 - interpret complex stock performance, wastage and stocktake reports
 - calculate standard methods and measures
 - interpret supply costs and calculate cost effective quantities for purchase
- planning and organising skills to plan, establish and monitor stock control systems
- problem-solving skills to monitor the quality and cost of supply, identify deficiencies and adjust purchasing arrangements
- self-management skills to take responsibility for purchase and stock control decisions
- teamwork skills to discuss, review and incorporate feedback from team members
- technology skills to use:
 - a computer and keyboard
 - the system capabilities and functions of a stock control system.

Required knowledge

- for the specific industry sector:
 - forecasting methods for calculating required stock levels including formulas for yield testing and use of standard measures
 - methods to calculate cost-effective order quantities for different stock items
 - different types of computer stock control systems used, their functions and features
 - stock security systems
 - types of storage and their suitability for different kinds of stock
 - a range of supply sources for different types of product
 - formats for and inclusions of purchase specifications, including appropriate terminology

- for the specific organisation:
 - relevant stock, including product life and storage requirements for specific goods
 - standard business periods, peak seasons and special events
- reasons for stock loss and damage and methods to control these
- a range of formats for, inclusions and uses of:
 - stock control procedures including those for stock with high wastage or loss
 - various stock control reports.

Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the ability to:

- establish and implement cost effective stock purchasing and control systems for a diverse range of stock items
- monitor stock control systems, stock quality and cost-effectiveness of supply over a period of time
- integrate knowledge of various stock control reports and data required to calculate cost-effective purchasing.

Context of and specific resources for assessment

Assessment must ensure use of:

- a real or simulated tourism, hospitality or event industry business operation for which stock is purchased and stock control systems are developed
- computers, printers and stock control software systems currently used by the tourism, hospitality or event industry
- current commercial purchase specifications, stock control procedures and reports, supplier cost and contractual documentation used for the purchase of stock
- suppliers with whom the individual can interact and negotiate.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- projects and activities that allow assessment of the individual's ability to:
 - determine stock levels for normal and peak operating seasons
 - use reports and supplier information to calculate cost-effective order quantities
 - develop a variety of tailored stock control systems
 - evaluate the performance of systems and make adjustments
- review of documents prepared by the individual:
 - stock control procedures

- purchase specifications
- reports evaluating the quality and cost of supply
- use of problem-solving activities so the individual can develop systems to control stock with high wastage or loss
- written or oral questioning to assess knowledge of:
 - types of storage and their suitability for different kinds of stock
 - stock control systems used by the industry
 - a range of supply sources for different types of product
- review of portfolios of evidence and third-party workplace reports of on-the-job performance by the individual.

Guidance information for assessment

The assessor should design integrated assessment activities to holistically assess this unit with other units relevant to the industry sector, workplace and job role, for example:

- BSBWRT401A Write complex documents
- SITXFIN501 Prepare and monitor budgets.

Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Data may include:

- historical sales figures
- stocktake figures
- supplier lead time
- wastage reports.

Forecasting methods may include:

- moving averages
- popularity index
- use of sales reports for future customer bookings
- yield tests:
 - butcher's test
 - standard measures
 - standard yield test.

Standard measures may include:

- food portion size:
 - count
 - cup
 - scoop
 - slice
 - measure
 - volume
 - weight
- fuel consumption for:
 - particular road, sea or air travel conditions
 - types of aircraft, sea vessels and land transport vehicles
- expected customer numbers for:
 - events
 - peak season
 - standard business periods
- standard recipes
- standard yields.

Stock may include:

- alcohol
- cleaning agents and chemicals
- customer travel products:
 - luggage labels
 - travel bags
 - travel wallets

- tickets
- vouchers
- event supplies
- food:
 - dairy products
 - canned products
 - dry goods
 - fresh goods
 - frozen goods
 - fruit
 - meat
 - oils
 - poultry
 - seafood
 - vacuumed sealed items
 - vegetables
- fuel:
 - aircraft
 - coaches
 - hire cars
 - vessels
- general stores
- housekeeping supplies
- linen
- merchandise
- non-alcoholic beverages:
 - juice
 - mixers
 - soft drink
 - tea and coffee
- uniforms.
- budget
- colour
- deadlines for supply
- delivery or pick up requirements
- detailed description
- expected supply cost
- fresh or frozen food
- general description
- grade

Purchase specifications
may include:

- numbers to be purchased
 - product name
 - quality
 - required labelling
 - size
 - special instructions or requirements
 - storage procedures
 - upper purchase price barrier
 - use for product
 - weight.
- Relevant factors*** may include:
- ability to meet all aspects of the specification
 - after sales service
 - competitive pricing
 - credit terms available
 - delivery service, including emergency delivery
 - lead time
 - minimum and maximum order quantities
 - product availability
 - references from other customers
 - trading hours.
- Terms of purchase*** may include:
- centralised or decentralised purchasing
 - competitive or open market buying
 - contract buying
 - cooperative buying
 - cost plus buying
 - credit terms
 - negotiated buying
 - one stop buying
 - sealed bid buying
 - volume buying and warehousing.
- Stock control systems*** may involve:
- bin cards
 - imprest
 - integrated point-of-sale systems
 - ledgers
 - stock control procedures and template documents and reports for:
 - ordering
 - levels
 - loss
 - performance
 - monitoring of quality

- receipt
 - reorder cycles
 - rotation
 - security
 - stocktakes
 - valuation
 - wastage
 - storage requirements for different kinds of stock
 - use of:
 - electronic stock control equipment
 - stock control software systems.
- Special control systems* may involve:
- controlling ordering quantities
 - maintaining correct environmental conditions for the storage of perishable foodstuffs, including controls for:
 - temperature
 - light
 - humidity
 - procedures for:
 - correct handling of perishables to avoid spoilage of stock
 - issue quantities
 - issuing only to authorised persons
 - stock transfer to other departments
 - requisitioning
 - segregated storage of non-food items from food items that have potential to cross-contaminate.

Unit Sector(s)

Cross-Sector

Competency Field

Inventory