



Australian Government

Department of Education, Employment and Workplace Relations

CPPDSM5033A Merge or acquire a business

Release: 1

CPPDSM5033A Merge or acquire a business

Modification History

Not Applicable

Unit Descriptor

Unit descriptor

The unit of competency specifies the outcomes required to merge or acquire a business. It requires the ability to assess the suitability of a business for sale or merger, obtain and act on client instructions, advise on options for the acquisition or merger, and finalise the assessment for the client. It requires knowledge of merger and acquisition considerations, the business brokerage environment, legislation relating to business ownership and mergers and acquisitions, business assessment and client liaison techniques.

The unit may form part of the licensing requirements for persons engaged in business broking in those States and Territories where business broking is a regulated activity.

Application of the Unit

Application of the unit

This unit of competency supports the work of those involved in the merging or acquisition of businesses on behalf of a client.

Licensing/Regulatory Information

Refer to Unit Descriptor

Pre-Requisites

Prerequisite units Nil

Employability Skills Information

Employability skills The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1 Obtain, interpret and confirm instructions.	<p>1.1 Client requirements and instructions are discussed and clarified according to <i>legislative, industry and agency requirements</i>.</p> <p>1.2 Assignment plan that best meets client requirements is determined and implemented.</p> <p>1.3 Fees are determined and negotiated with the client according to industry and agency requirements.</p> <p>1.4 Advice is prepared and provided to other <i>enlisted professionals</i> involved in the merger or acquisition process.</p>
2 Assess suitability of business for merger or sale.	<p>2.1 <i>Information</i> on business is compiled and used to ensure that reliable data and advice are accessed.</p> <p>2.2 <i>Critical assessment of the ownership, structure and status</i> of the business is conducted against statutory and merger or acquisition requirements.</p> <p>2.3 Business potential and capacity are reviewed against <i>financial and strategic marketability</i>.</p> <p>2.4 <i>Synergistic opportunities</i> are identified and incorporated in assessment.</p> <p>2.5 Suitability for merger or acquisition of the business is researched and determined using industry-adopted assessment methods.</p> <p>2.6 <i>Research</i> gathered from previous merger or acquisition assessments is used to ensure objectivity of assessment as to business suitability for sale or merger.</p> <p>2.7 Assumptions are checked for reasonableness and recorded according to <i>agency requirements</i>.</p>
3 Advise on options for merger or sale of business.	<p>3.1 Strengths and limitations of current business and <i>proposals</i> are evaluated and communicated to the client.</p> <p>3.2 Client is provided with appropriate information and assisted to make an informed decision on merger or acquisition options.</p> <p>3.3 Assessment and advice are provided within a timeframe that does not disadvantage the client's opportunity for maximum results.</p> <p>3.4 Client is referred to appropriate enlisted professionals for financial and legal advice on options.</p>
4 Complete assessment.	<p>4.1 Arrangements are put in place for all <i>records and</i></p>

ELEMENT**PERFORMANCE CRITERIA**

- documentation* relating to the merger or acquisition process to be prepared and checked.
- 4.2 Relevant parties are contacted and informed of the decision regarding business sale or merger.
- 4.3 Data and assessment findings are documented and stored correctly to inform future merger or acquisition assessments.
- 4.4 *Feedback* on the merger or acquisition process is encouraged and used to inform future assessments.

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

Required skills:

- access a variety of information relating to assessing a business and relevant information regarding legislative requirements, especially as they relate to mergers and acquisitions
- conduct SWOT analysis identifying strengths, weaknesses, opportunities and threats; internal and external analysis and risk assessments; and synergistic opportunity analysis
- determine most appropriate appraisal methods
- liaise with clients
- maintain trust accounts
- obtain information relevant to assessing a business for merger or acquisition
- plan and monitor activities related to the sale or merger of business
- provide information on the assessment process and the final assessment
- relate to people from a range of social, cultural and ethnic backgrounds and of varying physical and mental abilities
- resolve client concerns and issues
- select and use appropriate technology
- undertake analysis of data and structure of a business with a view to assessing viability and merger or acquisition options.

Required knowledge and understanding:

- agency's policy and procedures for client service, including ethical behaviour and appraisal procedures
- client liaison techniques

REQUIRED SKILLS AND KNOWLEDGE

- mechanisms to obtain and analyse client comments and feedback
- merger and acquisition considerations
- principles and techniques for assessing business, organisational and staffing structures
- principles and techniques for checking financial statements, and the ownership, structure, staffing and status of a business and associated plant and equipment
- principles and techniques for communicating concerns to clients
- relevant federal and state or territory legislation and local government regulations related to:
 - anti-discrimination
 - business broking
 - business operation and assessments, especially in regard to franchise and business structures, and business mergers or acquisitions
 - consumer protection
 - environmental issues
 - equal employment opportunity
 - financial probity
 - industrial relations
 - OHS
- service standards and best practice models
- trust accounting principles and practices
- types of business assessment methods, and benefits and limitations of each for a variety of business types or information (especially as they relate to mergers and acquisitions).

Evidence Guide

EVIDENCE GUIDE

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

Overview of assessment

This unit of competency could be assessed through practical demonstration of merging or acquiring a business. Targeted written (including alternative formats where necessary) or verbal questioning to assess the candidate's underpinning knowledge would provide additional supporting evidence of competence. The demonstration and questioning would include collecting evidence of the candidate's knowledge and application of ethical standards and relevant federal, and state or territory

legislation and regulations. This assessment may be carried out in a simulated or workplace environment.

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

A person who demonstrates competency in this unit must be able to provide evidence of:

- analysing business viability, organisational and staffing structures and issues and their impact on possible mergers or acquisitions
- completing relevant documentation and reports
- identifying benefits and limitations of current business structure for merger and acquisition, and strengths and weaknesses of proposals
- identifying improvements in assessment of merger or acquisitions processes
- knowledge of agency practice, ethical standards and legislative requirements associated with merging or acquiring a business
- preparing and structuring advice on mergers, acquisitions and assessment outcomes
- sensitive relaying of relevant information to clients.

Context of and specific resources for assessment

Resource implications for assessment include:

- access to suitable resources and simulated or real opportunities to demonstrate competence
- assessment instruments that may include personal planner and assessment record book
- access to a registered provider of assessment services.

Where applicable, physical resources should include equipment modified for people with disabilities.

Access must be provided to appropriate learning and/or assessment support when required.

Assessment processes and techniques must be culturally appropriate, and appropriate to the language and literacy capacity of the candidate and the work being performed.

Validity and sufficiency of evidence require that:

- competency will need to be demonstrated over a period of time reflecting the scope of the role and the practical requirements of the workplace
- where the assessment is part of a structured learning experience the evidence collected must relate to a number of performances assessed at different points in time and separated by further learning and practice with a decision of competence only taken at the point when the assessor has complete confidence in the

person's competence

- all assessment that is part of a structured learning experience must include a combination of direct, indirect and supplementary evidence
- where assessment is for the purpose of recognition (RCC/RPL), the evidence provided will need to be current and show that it represents competency demonstrated over a period of time
- assessment can be through simulated project-based activity and must include evidence relating to each of the elements in this unit.

In all cases where practical assessment is used it will be combined with targeted questioning to assess the underpinning knowledge. Questioning will be undertaken in such a manner as is appropriate to the language and literacy levels of the candidate and any cultural issues that may affect responses to the questions, and will reflect the requirements of the competency and the work being performed.

Range Statement

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 in the performance criteria is detailed below. Add any 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.

Legislative, industry and agency requirements may relate to:

- access and equity policy, principles and practice
- business and performance plans, including organisational goals and objectives
- client service policies
- ethical standards
- industry and agency codes of conduct and practice, and code of ethics
- legislative and statutory requirements for provision of business broking services
- OHS policies, procedures and programs
- organisational policy, guidelines and requirements
- policies and procedures relating to own role, responsibility and delegation
- privacy and confidentiality requirements
- records and information systems
- reporting and communication structures
- terms and conditions of employment.

Enlisted professionals may include:

- accountants
- financiers and financial institutions
- financial advisers
- landlords and managing agents
- legal advisers
- licensed settlement agents
- real estate agents
- solicitors.

Information may be compiled from:

- analysis of organisational and managerial or ownership structure
- analysis of personnel, capital (e.g. money, plant and equipment), methods, materials and markets
- financial records:
 - current and historical
 - internal and external

Critical assessment of the ownership, structure and status may include:

- asset and liability statements
- interviews with key personnel
- sales information
- staff records
- SWOT analysis.
- analysis of taxation considerations
- assessment of staffing structures
- composition of owners and stakeholders, working owners and non-working owners
- confluent liabilities
- current and potential employee conflicts
- identification and control of contingencies
- identification of intangible assets
- identification of key employees
- internal and external analysis and risk assessment
- marketability and viability of the operation, including current and historical financial viability
- numbers of current staff as opposed to anticipated number of staff required after merger or acquisition
- operational effectiveness
- participation and voting power
- potential for synergistic opportunities
- potential of staffing structures
- readiness to be presented as a 'turnkey operation'
- staff's ability or potential to make an offer for business
- staff training levels and requirements
- stock, assets, liabilities and capital
- trading and performance history
- transferability of rights.

Financial and strategic marketability may include:

- creation of an immediate return on investment on a stand-alone basis (e.g. financial buyer) as opposed to being concerned with the creation of opportunities for value adding and long-term growth (e.g. strategic buyer)
- equity buyers
- staff or internal buy out or partners.

Synergistic opportunities:

- may relate to:
 - combination benefits, such as market power and increased purchasing power
 - functional skills transfer, including learning or improving functional skills by merging
 - management skills transfer
 - resource sharing, including sharing distribution

channels

- may be identified through:
 - external analysis (treasure hunting)
 - internal analysis.

Research includes:

- accurate data and information gained from previous merger and acquisition assessments
- identification and use of industry-approved and reliable assessment methods that best fit information available and the type of business.

Agency requirements may be outlined within:

- access and equity policy, principles and practice
- business and performance plans
- ethical standards
- goals, objectives, plans, systems and processes
- legal and organisational policies and guidelines
- mission statements and strategic plans
- OHS policies, procedures and programs
- privacy and confidentiality requirements
- quality and continuous improvement processes and standards
- quality assurance and procedures manuals, including sales and client liaison procedure manuals.

Proposals may be:

- for immediate or longer term mergers and acquisitions
- from financial or strategic interests.

Records and documentation may include:

- documents and pro formas for clients
- forms and paperwork required by legislation and statutory regulation
- internal documents required for the completion of the assessment process.

Feedback may include:

- formal and informal discussions with existing and previous clients
- information from potential mergers or acquirers
- information provided by others involved in the appraisal process, both internal and external to the organisation.

Unit Sector(s)

Unit sector

Property development, sales and management

Competency field

Competency field

Business broking