



Australian Government

Department of Education, Employment and Workplace Relations

LMFFT5016B Establish customer contracts

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit addresses the application of technical communication skills and contractual knowledge to the establishment of contracting goods or services to customers.
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Application of the Unit

Application of the unit	
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	Nil	

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

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.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Establish customer needs	1.1. Intended use of goods or services is established in conjunction with the customer 1.2. Implications of customer requests are explained 1.3. Potential options of goods or services are explained describing costs, performance characteristics and implications for use
2. Evaluate available goods and/or services to meet needs	2.1. Information on characteristics of available goods or services is investigated 2.2. Performance characteristics and costs of potential options are compared in relation to customer identified needs and provisional recommendations are made 2.3. Availability of recommended goods or services is established 2.4. Recommendations or selection of services or goods are made to customer
3. Determine and agree parameters for contract	3.1. Workplace contract format is used, adapting sections as required 3.2. Specification of services or goods to be provided is detailed within contract 3.3. Legal requirements are included within contract details 3.4. Draft contract provision is explained to customers and required amendments agreed 3.5. Formal agreement with terms of the contract by the customer is achieved

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- research, collect, organise and understand information related to contracting, including the relevant legal, technical, regulatory, fiscal, cultural, environmental and safety requirements
- communicate ideas and information in a clear and unambiguous fashion and ensure that all communications satisfy the intent and legal requirements associated with contracting
- plan and organise activities, including the preparation, completion, execution and finalisation of the contract within the specified timeframe and to avoid any backtracking, workflow interruptions or wastage
- work with others in a team by recognising dependencies and using cooperative approaches to optimise workflow and productivity
- use mathematical ideas and techniques to correctly complete calculations required to establish and implement the contract
- create and apply systematic problem solving techniques to anticipate contracting problems, avoid supply difficulties
- use the workplace technology related to contracting, including calculators, computing/computer-aided systems and relevant contracting software

Required knowledge

- enterprise operating procedures and requirements
- organisation resources, capacities and capabilities
- contract management, preparation, submission and review processes
- contract evaluation processes
- financial and legal requirements for contracting
- relevant legislation relating to contracting and contracting for goods and/or services of the organisation

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, range statement and the Assessment Guidelines for the Training Package.

Critical aspects of evidence

- Locate, interpret and apply relevant information to the contract negotiations and provisions
- Apply safety requirements throughout the work sequence, including the use of personal protective clothing and equipment
- Establish and implement at least two significant contracts covering the following actions/activities:
 - establish the specification of the goods/service
 - identify and access probable suppliers
 - negotiate contracts considering:
 - legal and financial considerations requirements for the contract
 - requirements of workplace policy and procedures
 - discuss contract provisions and provide necessary explanations
 - check contract provisions as required by enterprise procedures
 - finalise contracts and file appropriate documentation
 - identify the impact of contract outcomes in terms of commercial risks
- Suggest improvements to purchasing operations and where appropriate, negotiate changes
- Work effectively with others

Resource implications

Customer request, goods/services, workplace contract documentation.

Method of assessment

Assessment methods must confirm consistency of performance over time and in a range of workplace relevant contexts.

Assessment should be by direct observation of tasks and questioning on underpinning knowledge.

Assessment should be conducted over time and may be in conjunction with assessment of other units of competency

EVIDENCE GUIDE**Context of assessment**

Assessment may occur on the job or in a workplace simulated facility with relevant commercial contracting practices and systems, work instructions and deadlines.

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, 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.

Unit scope

This unit covers the work involved in contracting the sale of goods or services to customers

Unit context

- OHS requirements include legislation, building codes, material safety management systems, hazardous substances and dangerous goods codes and safe operating procedures
- Work is carried out in accordance with legislative obligations, environmental legislation, relevant health regulations, authorised handling procedures and organisation insurance requirements
- Work requires individuals to demonstrate administrative and organisational ability, discretion, judgement and problem solving skills

Workplace environment

- The function is undertaken in accordance with established enterprise procedures and practices may include requirements recommended by potential contractors
- Work is generally performed within a team or group environment
- Customers or suppliers may be internal or external

Information and procedures

- Work procedures/instructions
- Specification of the required goods or services
- Supply system directories, indices, catalogues
- Contract law
- Legislation/regulation/national and industry codes and practices relevant to the goods/services
- Quality and Australian standards and procedures

Unit Sector(s)

Unit sector	Furnishing Technology
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		