



Australian Government

BSBSMB401 Establish legal and risk management requirements of small business

Release: 2

BSBSMB401 Establish legal and risk management requirements of small business

Modification History

Release	Comments
Release 2	This version released with BSB Business Services Training Package Version 2.0. Version created to clarify intent of unit
Release 1	This version first released with BSB Business Services Training Package Version 1.0.

Application

This unit describes the skills and knowledge required to identify and comply with all regulations affecting the business.

It applies to individuals operating a small business who use analytical skills to interpret legislation and regulations and develop procedures to manage compliance.

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

Unit Sector

Management and Leadership – Small and Micro Business

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Identify and implement business legal requirements	1.1 Identify and research possible options for the business legal structure using appropriate sources 1.2 Determine legislation and regulatory requirements affecting operations of the business under its chosen structure 1.3 Develop and implement procedures to ensure full compliance with relevant legislation and regulatory requirements

ELEMENT	PERFORMANCE CRITERIA
2. Comply with legislation, codes and regulatory requirements	2.1 Establish systems to ensure legal rights and responsibilities of the business are identified and the business is adequately protected, specifically in relation to work health and safety (WHS), business registration and environmental requirements 2.2 Identify taxation principles and requirements relevant to the business, and follow procedures to ensure compliance 2.3 Identify and carefully maintain legal documents and maintain and update relevant records to ensure their ongoing security and accessibility 2.4 Monitor provision of products and services of the business to protect legal rights and to comply with legal responsibilities 2.5 Conduct investigations to identify areas of non-compliance with legal and regulatory requirements, and take corrective action where necessary
3. Negotiate and arrange contracts	3.1 Seek legal advice on contractual rights and obligations, if required, to clarify business liabilities 3.2 Investigate and assess potential products and services to determine procurement rights and ensure protection of business interests where applicable 3.3 Negotiate and secure contractual procurement rights for goods and services including contracts with relevant people, as required, in accordance with the business plan 3.4 Identify options for leasing or ownership of business premises and complete contractual arrangements in accordance with the business plan
4. Identify and treat business risks	4.1 identify potential internal and external risks to the business 4.2 assess the probability and impact of identified risks 4.3 prioritise risks for treatment 4.4 develop actions to mitigate risks including identifying insurance requirements and adequate cover

Foundation Skills

This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.

Skill	Performance	Description
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	Criteria	
Reading	1.1-1.3, 2.1-2.4, 3.2-3.5	Identifies, analyses and evaluates a range of complex text to determine legislative, regulatory and related business requirements
Writing	1.3, 2.1, 2.3, 2.5, 3.1, 3.3, 3.5	Prepares written reports and workplace documentation that communicate complex information clearly and effectively
Oral Communication	2.5, 3.1, 3.3	- Uses specific and relevant language to clearly articulate legal issues, and uses questioning and listening techniques to clarify solutions - Participates in verbal negotiations using tone and language suitable to audience
Numeracy	2.2, 2.5, 3.3, 3.4	- Reviews, analyses, compares and contrasts numerical data which may be embedded in documents - Calculates business insurance costs and compares costing options
Navigate the world of work	1.2, 1.3, 2.1	Monitors adherence to organisational policies and legislative responsibilities and considers own role in terms of its contribution to broader goals of work environment
Interact with others	3.1, 3.3	Plays a lead role in situations requiring effective collaboration, demonstrating high-level influencing skills, focusing and shaping awareness, and engaging and motivating others
Get the work done	1.1-1.3, 2.1	- Takes responsibility for planning and organising own workload, identifying ways of sequencing and combining elements for greater efficiency - Implements actions as per plan, making adjustments if necessary and addressing unexpected issues - Understands importance of secure information and privacy in relation to own work and takes personal responsibility for identifying and managing risk factors - Makes a range of critical and non-critical decisions in complex situations, taking a range of constraints into account

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
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Code and title current version	Code and title previous version	Comments	Equivalence status
BSBSMB401 Establish legal and risk management requirements of small business Release 2	BSBSMB401 Establish legal and risk management requirements of small business Release 1	Minor edits to clarify intent of unit	Equivalent unit

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=11ef6853-ceed-4ba7-9d87-4da407e23c10>

Assessment Requirements for BSBSMB401 Establish legal and risk management requirements of small business

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Performance Evidence

Evidence of the ability to:

- demonstrate a systematic approach to identifying, managing and meeting legal and regulatory requirements, specifically in regard to WHS, business registration and environmental requirements
- ensure compliance, by:
 - following taxation and industrial relations principles
 - updating and maintaining legal documents
 - investigating areas of non-compliance
 - monitoring provision of products and services
 - taking corrective action where necessary
- negotiate and arrange contracts, including:
 - seeking legal advice
 - investigating procurement rights
 - identifying options of leasing or ownership of business premises.
- Identify, assess and treat risks specific to the business including
 - prioritising risks with highest probability of occurrence and greatest negative impact on the business
 - identifying insurance requirements

Note: If a specific volume or frequency is not stated, then evidence must be provided at least once.

Knowledge Evidence

To complete the unit requirements safely and effectively, the individual must:

- outline business registration and licensing requirements
- identify all government legislative requirements relating to the specific business operation
- explain creation and termination of relevant legal contracts
- summarise relevant cultural differences and legal implications
- describe legal rights and obligations of alternative ownership structures
- outline necessary record keeping to meet minimum legal and taxation requirements
- summarise relevant consumer legislation and industry codes of practice
- outline the key steps in the risk management process
- explain relevant insurance requirements and products.

Assessment Conditions

Assessment must be conducted in a safe environment where evidence gathered demonstrates consistent performance of typical activities experienced in the Management and Leadership – Small and Micro Business field of work and include access to:

- office equipment and resources
- business technology including internet access
- specialist software for analysis of data
- relevant legislation, regulations, standards and codes
- relevant workplace documentation and resources
- case studies, or where possible, real situations
- interaction with others.

Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.

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