



Australian Government

BSBSMB406 Manage small business finances

Release: 2

BSBSMB406 Manage small business finances

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 implement and review financial management strategies on a regular basis.

It applies to individuals who operate a small business that stands alone, or is part of a department within a larger organisation. Individuals in this role interpret financial reports and other numerical data to develop financial management strategies.

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. Implement financial plan	1.1 Identify financial information requirements and obtain specialist services, as required, to profitably operate the business in accordance with the business plan 1.2 Produce financial budgets or projections, including cash flow estimates, as required for each forward period, and distribute to relevant people in accordance with legal requirements 1.3 Negotiate, secure and manage business capital to best enable implementation of the business plan and to meet requirements of

ELEMENT	PERFORMANCE CRITERIA
	financial backers 1.4 Develop and maintain strategies to enable adequate financial provision for taxation in accordance with legal requirements 1.5 Develop, monitor and maintain client credit policies, including contingencies for debtors in default, to maximise cash flow 1.6 Select key performance indicators to enable ongoing monitoring of financial performance 1.7 Record and communicate financial procedures to relevant people to facilitate implementation of the business plan
2. Monitor financial performance	2.1 Regularly monitor and report on financial performance targets, and analyse data to establish extent to which the financial plan has been met 2.2 Monitor marketing and operational strategies for their effects on the financial plan 2.3 Calculate and evaluate financial ratios according to own or industry benchmarks 2.4 Assess financial plan to determine whether variations or alternative plans are needed, and change as required

Foundation Skills

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

Skill	Performance Criteria	Description
Reading	1.1-1.4, 2.1, 2.4	Evaluates complex text to determine legislative, regulatory and workplace documentation
Writing	1.2-1.5, 1.7, 2.1	Prepares written reports and workplace documentation that communicate complex information clearly and effectively
Oral Communication	1.3, 1.7, 2.1	- Articulates clearly using specific and relevant language suitable to audience to convey requirements, and employs listening and questioning techniques to confirm understanding - Participates in verbal negotiations using tone and language suitable to audience

Numeracy	1.1-1.5, 2.1, 2.3, 2.4	Interprets numerical information to calculate all relevant financial information
Navigate the world of work	1.2, 1.4	Appreciates implications of legal and regulatory responsibilities related to own work
Interact with others	1.7, 2.1	Selects appropriate form, channel and mode of communication for a specific purpose relevant to own role
Get the work done	1.1, 1.2, 1.4-1.6, 2.2, 2.4	- Develops plans to manage relatively complex, non-routine tasks with an awareness of how they may contribute to longer-term operational and strategic goals - Makes a range of critical and non-critical decisions in relatively complex situations, taking a range of constraints into account - Uses formal and informal processes to monitor implementation of ideas and reflect on outcomes

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
BSBSMB406 Manage small business finances Release 2	BSBSMB406 Manage small business finances Release 1	Updated to clarify intent	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 BSBSMB406 Manage small business finances

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Performance Evidence

Evidence of the ability to:

- operate the business according to the business plan, including:
 - adhering to legal requirements
 - meeting requirements of financial backers
 - defining strategies for debt collection and contingencies for debtors
 - managing cash flow
 - defining key performance indicators
 - communicating with relevant people
- monitor the business against financial plan and make changes as required.

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:

- discuss benchmarking
- explain financial decision-making relevant to the business
- summarise significant financial indicators
- outline purposes of financial reports
- clarify preparation and interpretation of budget/actual reports
- identify principles for preparing balance sheets and their interpretation
- outline debt collection procedures or strategies
- characterise principles for preparing profit and loss statements and their interpretation

- discuss stock records and stock control relevant to the business.

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:

- business equipment and resources
- 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.

Links

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