



Australian Government

BSBSMB421 Manage small business finances

Release: 2

BSBSMB421 Manage small business finances

Modification History

Release	Comments
Release 2	This version first released with BSB Business Services Training Package Version 5.0. Version created to clarify intent of unit
Release 1	This version first released with BSB Business Services Training Package Version 3.0.

Application

This unit describes the skills and knowledge required to implement and review financial management strategies on a regular basis, including by using new and emerging digital technologies.

It applies to individuals who operate a small business that stands alone, or that 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 strategy	1.1 Identify financial information requirements and obtain specialist services, as required, to profitably operate the business 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 Develop a plan to negotiate and manage business capital to best

ELEMENT	PERFORMANCE CRITERIA
	enable implementation of the business plan 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 in line with the business plan 1.7 Record and communicate financial procedures to relevant personnel to facilitate implementation of the business plan
2. Monitor financial performance	2.1 Use available digital technologies to regularly monitor and report on financial performance targets, and analyse data to establish extent to which the financial goals have been met 2.2 Monitor marketing and operational strategies for their effects on the financial goals 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 2.5 Undertake research regularly to identify opportunities to implement new and emerging technologies to boost business profitability in accordance with the business plan

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential to performance but not explicit in the performance criteria.

Skill	Description
Reading	Evaluates complex text to determine legislative, regulatory and workplace documentation
Writing	Prepares written reports and workplace documentation that communicate complex information clearly and effectively
Oral Communication	- 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	• Interprets numerical information to calculate all relevant financial information
Navigate the world of work	• Appreciates implications of legal and regulatory responsibilities related to own work
Interact with others	• Selects appropriate form, channel and mode of communication for a specific purpose relevant to own role
Get the work done	• 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

Supersedes and is equivalent to BSBSMB406 Manage small business finances.

Links

Companion Volume Implementation Guides are available from VETNet -

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

Assessment Requirements for BSBSMB421 Manage small business finances

Modification History

Release	Comments
Release 2	This version first released with BSB Business Services Training Package Version 5.0. Version created to clarify intent of unit
Release 1	This version first released with BSB Business Services Training Package Version 3.0.

Performance Evidence

Evidence of the ability to:

- manage the business according to financial goals, including:
 - adhering to legal requirements
 - produce relevant financial projections, including cash flow estimates
 - develop a plan to negotiate and manage business assets and financial capital
 - defining strategies for debt collection and contingencies for debtors
 - managing cash flow
 - defining key performance indicators
 - communicating with relevant people
 - seeking specialist services where required
- monitor the business against financial plan and make changes as required
- identify opportunities to implement new and emerging digital technologies to support the financial management of the business.

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

Knowledge Evidence

The candidate must be able to demonstrate the following knowledge to effectively complete the tasks outlined in the elements and performance criteria of this unit, and to manage tasks and reasonably foreseeable contingencies in the context of the work role.

- Key features of benchmarking
- Key features of financial decision-making relevant to the business

- Key features of significant financial indicators
- Key purposes of financial reports
- Key features of balance sheet preparation and interpretation
- Key features of debt collection procedures or strategies
- Key features of profit and loss statement preparation and interpretation
- Key features of 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, including business technology
- 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

Companion Volume Implementation Guides are available from VETNet -

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