



Australian Government

Department of Education, Employment and Workplace Relations

RTE5902A Develop and review a business plan

Release: 1

RTE5902A Develop and review a business plan

Modification History

Not applicable.

Unit Descriptor

This competency standard covers the process of developing and reviewing business for an agricultural, horticultural or land management business enterprise.

It requires the application of knowledge and skills to determine the scope of the business plan, prepare a business plan, determine goals, trial systems, and document, monitor and review the business plan. Competency must also be demonstrated in communicating business plan objectives to relevant parties.

The work in this standard will be carried out with limited or no supervision, within enterprise guidelines.

Application of the Unit

Not applicable.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

Not applicable.

Elements and Performance Criteria Pre-Content

Not applicable.

Elements and Performance Criteria

Elements and Performance Criteria

Element	Performance Criteria
1 Determine scope	1.1 Scope of the business plan and associated systems is determined in consultation with key and specialist personnel. 1.2 Accurate information is accessed to inform business plan development. 1.3 Trends and seasonal variations are accounted for and incorporated into the business plan. 1.4 Strategic goals, targets and directions of the enterprise are accounted for in the development of the business plan. 1.5 Legal obligations are understood and complied with in developing the business plan.
2 Prepare business plan	2.1 Operational goals and targets that enhance opportunities to meet the enterprise strategic plan are developed. 2.2 Supply chains are identified and incorporated into the business plan. 2.3 Risk management needs are identified and addressed within the business plan. 2.4 Trial systems are incorporated in order to test budgetary impact and operational potential prior to full implementation of the business plan. 2.5 Indicators of operational performance are clear and measurable and allow for realistic analysis of performance.
3 Document and review business plan	3.1 Fiscal and operational systems that enhance performance management and suit enterprise requirements are included. 3.2 Resource considerations are incorporated into the business plan. 3.3 Business Plan is accurately documented and clearly communicated to all relevant parties.

- 3.4 Performance against the business plan is **monitored** to identify strengths, weaknesses and areas for improvement.
- 3.5 Recommendations to improve the business plan and associated systems are made as required.

Required Skills and Knowledge

Not applicable.

Evidence Guide

What evidence is required to demonstrate competence for this standard as a whole?

Competence in develop and review a business plan requires evidence that demonstrates ability to scope the business plan and determine key objectives and targets. It also requires competence in specifying key performance targets, assessing the relevance of the business plan, and trial systems. The business plan also needs to be documented and reviewed.

The skills and knowledge required to develop and review a business plan must be **transferable** to a different work environment. For example, if competence is demonstrated in developing a business plan for a small enterprise, it must also be evident in reviewing a business plan in medium or large enterprise environment.

What specific knowledge is needed to achieve the performance criteria?

Knowledge and understanding are essential to apply this standard in the workplace, to transfer the skills to other contexts, and to deal with unplanned events. The knowledge requirements for this competency standard are listed below:

budgeting

forecasting

operational systems

relevant industrial awards and agreements

communication techniques

logical and analytic methods

profit and loss and cash flow systems

working knowledge of environmental, OHS, industrial relations, taxation, corporate and industry legislation as they relate to the enterprise

capital investment analysis.

What specific skills are needed to achieve the performance criteria?

To achieve the performance criteria, appropriate literacy and numeracy levels as well as some complementary skills are required. These include the ability to:

set realistic goals

operate manual and/or electronic commercial systems

consider and evaluate alternatives

document and communicate plans

design performance criteria, and operational and tactical plans that are incorporated into a business plan

analyse information and results

identify and design risk management and mitigation strategies

identify and design appropriate operational plans.

What processes should be applied to this competency standard?

There are a number of processes that are learnt throughout work and life, which are required in all jobs. They are fundamental processes and generally transferable to other work functions. Some of these are covered by the **key competencies**, although others may be added. The questions below highlight how these processes are applied in this competency standard. Following each question a number in brackets indicates the level to which the key competency needs to be demonstrated where 0 = not required, 1 = perform the process, 2 = perform and administer the process and 3 = perform, administer and design the process.

- | | |
|--|--|
| 1. How can communication of ideas and information (3) be applied? | In discussing and formulating the business plan in consultation with key and specialist personnel. |
| 2. How can information be collected, analysed and organised (3)? | In gathering information for the business plan and in reviewing targets and business plan operation. |
| 3. How are activities planned and organised (3)? | In developing the business plan and reviewing and redesigning the system. |
| 4. How can team work (3) be applied? | In consulting with key and specialist personnel in trialling systems, and reviewing operational and business plan. |
| 5. How can the use of mathematical ideas and techniques (2) be applied? | To evaluate data and results and to ensure appropriate measurement systems are in place. |
| 6. How can problem-solving skills (3) be applied? | To improve existing systems, to solve communication barriers and to achieve targets and objectives. |
| 7. How can the use of technology (2) be applied? | To improve systems performance and to calculate targets and collate data and budget forecasts. |

Are there other competency standards that could be assessed with this one?

This competency standard **could** be assessed on its own or in combination with other competencies relevant to the job function.

There is essential information about **assessing this competency standard for consistent performance and where and how it may be assessed**, in the Assessment Guidelines for this Training Package. All users of these competency standards must have **access** to the **Assessment Guidelines**. Further advice may also be sought from the relevant **sector booklet**.

Range Statement

Range of Variables

The Range of Variables explains the contexts within which the performance and knowledge requirements of this standard may be assessed. The scope of variables chosen in training and assessment requirements may depend on the work situations available

Which key personnel might be consulted?	Other family members, partners, providers of finance, managers, staff, clients or suppliers may be consulted.
Which specialist personnel might need to be consulted?	Accountants, solicitors, tax agents; regulatory bodies and government authorities; and trade, professional or industry associations might need to be consulted.
What sort of accurate data may be accessed?	Previous business plans, business plan exemplars, equity evaluations, capital return analyses, enterprise gross margins, net present values, internal rates of return, cash flow estimates, profit and loss estimations, sales and product analysis, market information and trends, expense records, previous account records, taxation records, and annual and quarterly returns.
Where might data be accessed from?	Sources may be internal or external to the enterprise.
What trends and seasonal variations might need to be considered?	Markets, consumer trends, technological changes affecting production and sales, climatic conditions, weed, pest and disease outbreaks, water supply, resource and input availability, fluctuations in quantity and quality of crops and livestock quality could all be considered.
Where might relevant strategic goals, targets and directions be sourced from?	May be sourced from existing or complementary strategic plans or related consultations in business/strategic plan development.
What legal obligations might need to be understood and complied with?	State/Territory and Commonwealth taxation law, company and securities legislation and possibly legislation regarding wills and inheritance in regards to succession planning might need to be considered.

What might be covered by **operational goals and targets**? Goals and targets may be short, medium or long term and may relate to marketing and production targets, resource and asset development and management, acquisitions, capital, property improvements, and operational systems. Operational goals and targets may link directly to the enterprise strategic plan and also to OHS, environment, quality and customer/market satisfaction key result areas.

What is included within a **supply chain**? Supply chains relate to the network of facilities that procure raw materials, transform them into intermediate products (or services) and then finished goods (or services), and delivers them through a distribution system. It covers procurement production and distribution. Supply chains should be viewed as being interlinked as opposed to being discrete units and therefore any analysis should take account of the inter-connectivity within the supply chain.

What **risk management** needs might there be? Compulsory formal insurance (third party, workers compensation, public liability, occupational superannuation), personal accident and sickness insurance, and compulsory superannuation need to be considered. The need for formal insurance cover on assets if loss cannot be reduced to an acceptable level through management practices, needs to be addressed. Assessing whether losses without insurance would be too financially great for enterprise to bear is also a consideration. Other areas of risk that need to be considered are market risk, production risk, resource risk, financial risk, personal risk and management risk. Environmental/climactic and OHS concerns also need to be considered, as do resource peaks and troughs.

What **trial systems** might be utilised? Trial profit and loss statements, trial budgets, trial cash flow projections and reporting and operational systems.

What **indicators of operational performance** might there be? May relate to a range of key result areas both operational and tactical including: OHS,

environment, product quality, employee performance and satisfaction levels, customer/market satisfaction levels, market and product expansion, acquisitions and expansion projections, yields and efficiency expectations, cash flow and profit and loss statements, and production and delivery timelines.

What needs to be considered when introducing **fiscal and operational systems**?

Systems need to be implemented and phased to take account of enterprise production cycles and financial reporting considerations.

What **resource considerations** might need to be considered?

Human, raw and processed materials, water, land, financial, plant and equipment, time and technological resources may be need to be addressed.

What **relevant parties** may need to be informed?

Key and specialist personnel.

How might performance be **monitored**?

By checking against key performance indicators and measuring inputs, throughputs and outputs using reliable and standardised measures incorporated into the business plan.

For more information on contexts, environment and variables for training and assessment, refer to the Sector Booklet.

Unit Sector(s)

Not applicable.