



Australian Government

SIRRM004 Develop a merchandise financial plan

Release: 1

SIRRM004 Develop a merchandise financial plan

Modification History

Not applicable.

Application

This unit describes the performance outcomes, skills and knowledge required to undertake merchandise financial planning for a retail organisation. It requires the ability to forecast sales, inventory and profit to create a merchandise financial plan that maximises organisational profitability and performance.

The merchandise financial plan documents a high-level budget for the financial management of merchandise and is used to influence financial planning at a category level.

This unit applies to individuals working in merchandise management-related roles in a diverse range of retail sectors and business contexts. They operate with independence and are responsible for making a range of operational business decisions related to the management of merchandise.

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

Pre-requisite Unit

Nil

Competency Field

Merchandise Management

Unit Sector

Retail

Elements and Performance Criteria

ELEMENTS

Elements describe the essential outcomes.

1. Review organisational financial information.

PERFORMANCE CRITERIA

Performance criteria describe the performance needed to demonstrate achievement of the element.

1.1. Access and review merchandise strategy to determine financial and merchandise objectives for a specified trading period.

1.2. Access and review organisational profit and loss statement to determine organisational financial position and objectives as

required.

1.3. Review post-trade analysis data to determine past merchandise financial performance.

1.4. Source and analyse relevant internal and external factors impacting merchandise financial planning.

1.5. Identify merchandise financial planning activity that will maximise profitability and organisational financial performance.

2. Develop merchandise financial plan.

2.1. Plan sales value for the specified trading period using organisational systems and processes.

2.2. Determine gross profit margins that meet financial objectives.

2.3. Plan markdown value to account for potential markdowns and shrinkage and to minimise profit loss.

2.4. Plan optimal inventory values against key performance indicators that maximise profitability and minimise loss.

2.5. Review organisational promotional plan to determine impacts of planned promotional activity on sales, inventory and profit planning.

2.6. Establish merchandise performance indicators.

2.7. Document sales, inventory and profit values using established organisational systems and processes.

2.8. Obtain input from relevant personnel and make adjustments to merchandise financial plan based on feedback received.

2.9. Finalise merchandise financial plan and gain approval as required.

2.10. Communicate merchandise financial plan to relevant personnel.

3. Review and re-plan merchandise financial plan.

3.1. Review in-trade financial performance against actual and budgeted sales, profit and inventory values.

3.2. Investigate and account for variances in sales, inventory and profit values.

3.3. Identify available rebates and incorporate into merchandise financial plan as required.

3.4. Re-plan sales, profit and inventory values in response to the actual sales results.

3.5. Re-plan sales, profit and inventory values in response to internal and external influences on performance.

Foundation Skills

Foundation skills essential to performance in this unit, but not explicit in the performance criteria, are listed here, along with a brief context statement

SKILLS	DESCRIPTION
Numeracy skills to:	• apply financial formulas and perform retail financial calculations to inform the development of a merchandise financial plan.
Technology skills to:	• use complex features of merchandise planning systems to create and manipulate a merchandise financial plan.

Unit Mapping Information

No equivalent unit.

Links

Companion Volume Implementation Guides -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=ca051b1b-5101-4ec2-ac1c-49699303188d>

Assessment Requirements for SIRRM004 Develop a merchandise financial plan

Modification History

Not applicable.

Performance Evidence

Evidence of the ability to complete tasks outlined in elements and performance criteria of this unit in the context of the job role, and:

- review merchandise and organisational financial data to develop a month-by-month merchandise financial plan for a six-month trading period that includes:
 - sales
 - gross margin profit
 - buying margin
 - markdown value
 - inventory values
 - performance indicators
- re-plan sales, profit and inventory values based on actual merchandise performance and in response to:
 - internal factors impacting merchandise performance
 - external factors impacting merchandise performance
- review merchandise financial plan against performance indicators and make recommendations for future improvement.

Knowledge Evidence

Demonstrated knowledge required to complete the tasks outlined in elements and performance criteria of this unit:

- merchandise financial planning:
 - purpose
 - impact on organisational profit and loss
 - role in determining:
 - open-to-buy
 - space capacity planning
 - key financial values:
 - inventory
 - sales
 - profit
- role of post-trade analysis data in developing merchandise financial plan

- common types and applications of merchandise planning processes:
 - bottom-up
 - top-down
- key merchandise financial planning strategies to:
 - maximise profitability
 - minimise loss
- merchandise performance indicators, how they are calculated, and role in merchandise planning:
 - sales
 - gross profit margin
 - Gross Margin Return on Investment
 - sell-through rate
 - stock turn
 - forward cover
 - purchase margin
 - markdown percentage
- internal and external factors impacting merchandise planning:
 - percentage increase or decrease on last year
 - promotional activity
 - consumer behaviour
 - competitor activity
 - store openings
 - store closures
 - store refurbishments
 - online strategy
 - economic factors
 - critical path
- aged stock and impact on inventory and profitability
- merchandise reductions and how they are incorporated into the merchandise plan:
 - markdowns
 - inventory shrinkage
- rebates and impact on merchandise financial plan
- responses to in-trade activity:
 - re-forecasting
 - accounting for variances in:
 - sales
 - inventory
 - profit
- commonly used merchandise planning methods within the retail industry:
 - formats and structures

- systems.

Assessment Conditions

Skills must be demonstrated in a retail environment. This can be:

- an industry workplace
- a simulated industry environment.

Assessment must ensure access to:

- relevant documentation:
 - merchandise strategy
 - post-trade analysis data
 - in-trade performance data
- templates and software for merchandise financial planning.

Assessors must satisfy the Standards for Registered Training Organisations' requirements for assessors, and:

- have worked in the retail industry for at least three years where they have applied the skills and knowledge within this unit of competency.

Links

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