



Australian Government

SIRRM005 Develop a category financial plan

Release: 1

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Modification History

Not applicable.

Application

This unit describes the performance outcomes, skills and knowledge required to undertake merchandise financial planning at the category and sub-category level for a retail organisation. It requires the ability to review a merchandise financial plan and allocate financial values to individual product categories.

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 retail 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. Determine category planning requirements.

PERFORMANCE CRITERIA

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

1.1. Access and review organisational merchandise financial plan to determine category financial planning requirements at the category and sub-category level.

1.2. Profile target market and identify relevant trends to optimise sales opportunities within category plan.

1.3. Determine open-to-buy or space capacity for the trading

	period.
	1.4. Determine strategies and pricing structures to achieve gross margin and margin mix.
2. Develop category financial plan.	2.1. Plan and calculate inventory values using open-to-buy or space capacity method for each category.
	2.2. Allocate inventory value to core and seasonal lines.
	2.3. Assess risk level of inventory within each category and plan markdown value and stock exit strategy to maximise profitability and maintain inventory at budgeted levels.
	2.4. Review promotional plan to determine impacts of planned promotional activity on category planning.
	2.5. Identify and hold back a percentage of category plan spend for reaction to trade.
	2.6. Document category plan using established organisational systems and processes.
	2.7. Obtain input from relevant personnel and make adjustments to category financial plan based on feedback received.
	2.8. Finalise category financial plan and gain required approval.
	2.9. Communicate category financial plan to relevant personnel to inform range planning and merchandise buying.
3. React to trade.	3.1. Evaluate internal and external factors impacting category performance and make any required adjustments.
	3.2. Use action levers to react to in-trade performance.
	3.3. Re-plan category financial plan based on sales, inventory and profit values during trade.
	3.4. Communicate changes to relevant personnel as required.

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 category financial plan.

Technology skills to:

- use complex features of merchandise planning systems to create and manipulate a category 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 SIRRM005 Develop a category 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 a merchandise financial plan to create a category financial plan for one product category across a six-month trading period, using either:
 - open-to-buy method
 - space capacity method
- document the above category plan detailing:
 - core and seasonal line spend
 - sub-category spend
 - percentage held back for reaction to trade
 - trial items
 - key winners
 - repeat items
 - deleted items
 - promotional items
 - key delivery dates
- use action levers to adjust the above category plan in response to the following in trade activity:
 - seasonal changes
 - competitor activity
 - sales decreases
 - sales increases
 - supply challenges.

Knowledge Evidence

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

- role and purpose of category financial planning
- methods for creating merchandise category plan:
 - open-to-buy method:
 - at retail

- at cost
 - space capacity method
- internal and external factors impacting category planning:
 - merchandise strategy
 - merchandise financial plan
 - merchandise category structures:
 - category
 - sub-category
 - planned promotional activity
 - consumer trends
 - post-trade analysis
 - open-to-buy
 - space capacity in stores
 - like-for-like sales comparisons
 - stock-quit cycles
 - stock availability
 - full price, markdown and promotional
 - supplier performance
 - competitor performance
 - aged stock
- category pricing structures and role in category financial planning:
 - volume
 - promotional
 - high-margin
 - good, better, best
 - everyday low pricing
- values included within a category plan:
 - core and seasonal line spend
 - sub-category spend
 - trial items
 - key winners
 - repeat items
 - deleted items
 - promotional items
 - key delivery dates
- role of re-forecasting processes
- merchandise performance indicators and role in category plan:
 - sales
 - gross profit margin
 - margin mix

- purchase margin
- markdown value
- levers to react to trade:
 - markdowns
 - promotions
 - repeats
 - re-pricing
 - competitor review
 - holding stock
 - new product trial
 - stock returns
- impacts of, and strategies for, reacting to:
 - seasonal changes
 - competitor activity
 - sales decreases
 - sales increases
 - supply challenges
- commonly-used merchandise category planning methods within the retail industry.

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 financial plan
 - in-trade performance data
- templates for merchandise category planning
- software for merchandise category 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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