



Australian Government

SIRXIND006 Review retail business fundamentals

Release: 1

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Modification History

Not applicable.

Application

This unit describes the performance outcomes, skills and knowledge required to access organisational information and conduct research to understand the fundamentals of retail financials and operations.

This unit applies to individuals working in a diverse range of retail sectors and business contexts.

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

Pre-requisite Unit

Nil

Competency Field

Working in Industry

Unit Sector

Cross-Sector

Elements and Performance Criteria

ELEMENTS	PERFORMANCE CRITERIA
Elements describe the essential outcomes.	Performance criteria describe the performance needed to demonstrate achievement of the element.
1. Determine the commercial structure of a retail business.	1.1. Access and review a retail business strategy to determine organisational direction and priorities. 1.2. Access and review a retail organisational structure and determine the roles and responsibilities of key retail functions. 1.3. Identify internal and external factors impacting retail performance. 1.4. Access and interpret a retail profit and loss statement to identify key financial metrics and budgeting considerations. 1.5. Review key internal and external factors impacting on retail

performance.

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| 2. Research retail leasing arrangements. | 2.1. Research the rental costs and terms of a retail lease.
2.2. Identify costs, initial and ongoing, of establishing a retail space.
2.3. Calculate the profit required to cover the cost of establishing a retail space.
2.4. Calculate the breakeven point in terms of the lease duration.
2.5. Identify value of stock held within a store and calculate the sales turnover per square metre to determine store productivity. |
| 3. Review retail inventory processes and structures. | 3.1. Access and review a retail merchandise strategy to determine organisational merchandise objectives.
3.2. Identify key financial metrics considered in merchandise management.
3.3. Review organisational structure of categories, sub-categories and product ranges.
3.4. Review organisational processes for inventory purchasing and management.
3.5. Identify internal and external factors impacting product performance.
3.6. Perform basic retail calculations to determine the difference between product cost and retail price to calculate a margin. |
| 4. Research the retail customer. | 4.1. Review organisational target market and target market profit.
4.2. Identify strategies to engage the target market and opportunities to enhance customer experience.
4.3. Identify the role and value of customer service teams in engaging the retail customer. |

Foundation Skills

Foundation skills essential to performance are explicit in the performance criteria of this unit of competency.

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 SIRXIND006 Review retail business fundamentals

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 retail business's strategy, structure and profitability to determine:
 - business objectives
 - breakeven point and profitability
 - internal and external factors impacting on performance
- identify costs of establishing a new retail store, including:
 - store design
 - fitout
 - stock
 - legal and accounting
 - security
 - point of sale equipment
 - bank guarantee
 - recruitment and training
 - marketing
- review the following retail merchandise performance and document a report on merchandise performance:
 - profit margins
 - sell-through rates
 - inventory stock holding
 - sales per square metre
- research the target market of a retail organisation and document strategies to engage the target customer.

Knowledge Evidence

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

- role of a retail strategy and common retail objectives
- role of a merchandise strategy and common merchandise objectives
- retail profit and loss statements:

- role
- key metrics:
 - sales
 - gross profit
 - net profit
 - cost of goods sold
 - expenses:
 - fixed
 - variable
- key commercial elements of a retail business strategy:
 - sales turnover
 - profit
 - investment in inventory
 - investment in retail space
- common retail organisational structures and roles and responsibilities of key functions:
 - operations
 - marketing
 - warehousing
 - stores
 - buying
 - planning
 - visual merchandising
- common costs and considerations associated with establishment of a retail space:
 - leasing costs
 - bank guarantee
 - design costs
 - fit-out costs
 - utilities
 - stock
 - equipment
 - recruitment
 - staff training
 - marketing
 - legal
 - leasing agreements and terms
- key internal and external factors impacting retail productivity and performance
- value of retail product at cost and retail
- organisational merchandise structure:
 - categories
 - sub-categories

- ranges
- key retail financial metrics considered in merchandise management:
 - sales
 - gross profit
 - sell-through
 - rate of sale
 - average sale price
 - unit sales
 - markdown percentage
 - sales plan
- principles of inventory management and performance
- key considerations in managing physical retail environments:
 - sales targets
 - store presentation standards
 - service standards
 - stock holding
 - promotion strategies
 - team structure.

Assessment Conditions

Skills must be demonstrated in a service industries environment. This can be:

- an industry workplace
- a simulated industry environment.

Assessment must ensure access to:

- relevant documentation:
 - retail organisational strategy
 - retail profit and loss statement
 - retail merchandise strategy
 - retail merchandise performance data.

Assessors must satisfy the Standards for Registered Training Organisations' requirements for assessors.

Links

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