



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **SIRXFIN006A Manage prices**

**Revision Number: 2**

## SIRXFIN006A Manage prices

### Modification History

The version details of this endorsed unit are in the table below. The latest information is at the top.

| Release        | Comments          |
|----------------|-------------------|
| Second Release | Editorial updates |

### Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to establish prices for products or services to ensure business targets are achieved according to identified market trends and business targets and agreed trading terms.

### Application of the Unit

This unit applies to experienced sales or administrative staff who access and interpret market research and forecast information in order to set and manage prices and establish trading terms with customers for a range of products or services, according to business policy and legislative requirements.

### Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

### Pre-Requisites

Nil

### Employability Skills Information

This unit contains employability skills.

## Elements and Performance Criteria Pre-Content

### Elements and Performance Criteria

| Element                                                           | Performance Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Elements describe the essential outcomes of a unit of competency. | Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.                                                                                                                                                                     |
| 1. Confirm market research and forecasts.                         | 1.1. Analyse <b><i>market research and forecasts</i></b> to ascertain supply of and demand for products and services.<br>1.2. Assess fundamentals affecting supply and demand in the marketplace.<br>1.3. Review historical data and current forecasts.<br>1.4. Determine opportunity for products or services to penetrate new markets.                                                                                                                                             |
| 2. Set price for goods or services.                               | 2.1. Determine cost of providing products and services.<br>2.2. Determine <b><i>prices and profit margins</i></b> .<br>2.3. Apply relevant <b><i>business policy and procedures</i></b> to manage changes to prices.<br>2.4. Analyse margins and risk.<br>2.5. Review future market and business objectives and performance indicators.<br>2.6. Consider impact of government, taxation and financial market trends prior to setting price.<br>2.7. Set price.                       |
| 3. Announce price for goods or services.                          | 3.1. Assess <b><i>mechanisms for communicating</i></b> current and future prices.<br>3.2. Consider future price trends and information relevant to the specific market prior to announcing new price structures.<br>3.3. Determine best alternatives to communicate and secure prices.                                                                                                                                                                                               |
| 4. Establish trading terms for the business.                      | 4.1. Analyse profitability and parameters for shaping <b><i>trading terms</i></b> .<br>4.2. Analyse long term forecasted impact of trading terms established with individual <b><i>customers</i></b> .<br>4.3. Confirm processes for approving trading terms.<br>4.4. Establish supplier trading terms.<br>4.5. Finalise business customer trading terms.<br>4.6. Finalise direct customer trading terms.<br>4.7. Approve trading terms according to business policy and procedures. |

## Required Skills and Knowledge

This section describes the essential skills and knowledge and their level, required for this unit.

### Required skills

- interpersonal skills to:
  - communicate pricing internally and externally through clear and direct communication
  - share information
  - use language and concepts appropriate to cultural differences
  - use and interpret non-verbal communication
- negotiation skills to establish supplier trading terms
- literacy skills to:
  - interpret business policy and procedures
  - organise and analyse information from written and electronic sources
  - generate reports
- numeracy skills to:
  - analyse numerical and mathematical information on pricing and market growth
  - establish prices for products and services and maintain margins
  - response to competitor activities

### Required knowledge

- business policy and procedures in regard to:
  - job role and responsibilities
  - seeking approval for effective trading terms
  - finalising trading terms and setting prices
  - communicating prices
- factors affecting supply and demand for a range of products and services including:
  - impact of taxation and other regulatory controls affecting a market
  - price trends
  - overall supply chain management issues and trends
  - information on prices and market growth
- sourcing historical data
- prioritising work schedule
- information sources on product and supply arrangements for customers
- relevant legislation relating to trade

## Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

### **Critical aspects for assessment and evidence required to demonstrate competency in this unit**

Evidence of the following is essential:

- establishes trading terms to meet business outcomes
- maintains business relationships and profit margins over time
- communicates prices in the most effective and efficient manner
- identifies and responds to impact of forecasts and research on prices
- ability to anticipate and respond to competitor activities and pricing policies
- ability to manage prices for a range of products or services within a customer, geographic or market area (e.g. trading terms, communication to customers and businesses, risk analysis, margin identification)
- maintains sustainable business targets in consideration of margins, market share, customer relationships and trading terms.

### **Context of and specific resources for assessment**

Assessment must ensure access to:

- a real or simulated work environment
- business or sample policy and procedures in regard to price management
- an accounting system
- budgetary information
- relevant documentation, such as:
  - financial and market reports
  - business policy and procedures manuals
- a variable market.

### **Methods of assessment**

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- observation of performance in the workplace
- third-party reports from a supervisor
- a case study
- written or verbal questioning to assess knowledge and understanding.

### **Guidance information for**

Holistic assessment with other units relevant to the

**assessment**

industry sector, workplace and job role is recommended.

## Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below.

***Market research and forecasts*** may encompass:

- sales
- cash flow
- net profit
- payroll
- staff expenditure
- capital
- maintenance costs
- market trends.

Factors influencing ***prices and profit margins*** may include:

- profit margin
- volume of sales
- market share
- competitor activities
- quality
- presentation or merchandising of the product
- associated sales
- associated promotions
- promotional tie-ins or co-location.

***Business policy and procedures*** may relate to:

- sale of goods and services
- pricing of merchandise
- communicating with customers and suppliers
- setting trading terms.

***Mechanisms for communicating*** may include:

- manual or electronic catalogues
- public notification
- print and visual media
- electronic media and means
- verbal
- annual reports
- internal or external price reports
- seasonal reports.

***Trading terms*** may relate to:

- pricing
- delivery
- partnerships and exclusivity
- credit and payment terms.

***Customers*** may include:

- new and existing customers
- internal or external customers
- business customers or individuals
- customers with a range of social, cultural and

ethnic backgrounds and physical and mental abilities

- customers with routine or special needs.

## **Unit Sector(s)**

Cross-Sector

## **Competency field**

Finance