



Australian Government

SITXMG005 Establish and conduct business relationships

Release: 1

SITXMGT005 Establish and conduct business relationships

Modification History

Not applicable.

Application

This unit describes the performance outcomes, skills and knowledge required to establish and manage positive business relationships. It requires the ability to use high level communication and relationship building skills to conduct formal negotiations and make commercially significant business-to-business agreements.

The unit applies to all industry sectors, and to individuals who take responsibility for making decisions about purchasing or marketing activities. They also oversee the maintenance of contracts or agreements. This could include senior operational personnel, sales and marketing personnel, managers or owner-operators of small businesses. Agreements may relate to corporate accounts, service contracts, agency agreements, venue contracts, rate negotiations, preferred product agreements, supply agreements and marketing agreements.

The skills in this unit must be applied in accordance with Commonwealth and State/Territory legislation, Australian/New Zealand standards and industry codes of practice.

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

Pre-requisite Unit

Nil

Competency Field

Management and Leadership

Unit Sector

Cross-Sector

Elements and Performance Criteria

ELEMENTS

Elements describe the essential outcomes

1. Build business relationships.

PERFORMANCE CRITERIA

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

- 1.1. Establish relationships in line with organisational requirements and protocols.
- 1.2. Use effective communication techniques to build business

- relationships.
- 1.3. Proactively identify and take up opportunities to maintain regular contact with customers and suppliers.
 2. Conduct negotiations.
 - 2.1. Use negotiation techniques in line with professional and organisational protocols to maximise benefits of relationship for all parties.
 - 2.2. Incorporate feedback and input from colleagues into negotiation where appropriate.
 - 2.3. Communicate results of negotiations to appropriate colleagues and stakeholders within appropriate timeframes.
 3. Make formal business agreements.
 - 3.1. Confirm agreements in writing according to organisational requirements, using formal contracts where appropriate.
 - 3.2. Obtain approvals for all aspects of formal agreements according to organisational procedures.
 - 3.3. Evaluate and act on the need for specialist advice as required.
 4. Foster and maintain business relationships.
 - 4.1. Proactively seek, review, and act upon information needed to maintain sound business relationships.
 - 4.2. Honour agreements within scope of individual responsibility, complying with agreed terms.
 - 4.3. Take account of agreed performance indicators.
 - 4.4. Make adjustments to agreements in consultation with customer or supplier and share information with appropriate colleagues.
 - 4.5. Nurture relationships through regular contact and use of effective interpersonal and communication styles.

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
Reading skills to:	interpret potentially complex agreements, conditions and contracts.
Writing skills to:	develop or participate in the development of formal commercial agreements.
Oral communication skills to:	conduct at times complex negotiations of significant commercial value.
Numeracy skills to:	evaluate commercial data and cost structures.

- Problem-solving skills to:
- evaluate potentially complex internal and external issues that affect professional relationships and business negotiations and identify appropriate options to resolve them
 - anticipate and respond to challenges in the negotiation process.
- Initiative and enterprise skills to:
- proactively seek opportunities for building business relationships.

Unit Mapping Information

Supersedes and is equivalent to SITXMGT002 Establish and conduct business relationships.

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=68c40a93-e51d-4e0f-bc06-899dff092694>

Assessment Requirements for SITXMGT005 Establish and conduct business relationships

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:

- establish and maintain business relationships with at least two of the following:
 - cooperative partner with organisation
 - contractor
 - customer
 - network
 - supplier
- conduct formal negotiations, and make and manage agreements and contracts in relation to the two relationships established above, relevant to the specific business context
- use high level communication and relationship building techniques when conducting formal negotiations and making commercially significant business-to-business agreements in the above business relationships.

Knowledge Evidence

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

- commercial context for business relationships in the relevant industry sector and related:
 - industry structure and interrelationships
 - sources of supply
 - distribution and marketing networks
 - professional networks
- opportunities to maintain regular contact with customers and suppliers:
 - association membership
 - cooperative promotions
 - industry functions
 - program of regular contact
 - social media
- principles of negotiation, stages in the negotiating process, and different negotiation techniques that can be applied
- nature of agreements and contracts in the relevant industry sector and their key role, features and inclusions

- key components of contract law at an overview level:
 - terms and obligations of contract
 - methods of contractual agreement
 - exclusion clauses
 - dispute resolution clause
 - termination of contracts
- other legal requirements that impact negotiations and agreements in the relevant industry.

Assessment Conditions

Skills must be demonstrated in an operational business environment. This can be:

- an industry workplace; or
- a simulated industry environment set up for the purposes of assessment.

Assessment must ensure access to:

- materials that support the negotiation process:
 - preparatory facts and statistics
 - key performance indicators
 - market information
- other people with whom business relationships can be established. These can be:
 - those in an industry workplace who are assisted by the individual during the assessment process; or
 - individuals who participate in role plays or simulated activities, set up for the purpose of assessment, in a simulated industry environment operated within a training organisation.

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

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