



Australian Government

Department of Education, Employment and Workplace Relations

SITXMGTT006A Establish and conduct business relationships

Revision Number: 1

SITXMGT006A Establish and conduct business relationships

Modification History

Not applicable.

Unit Descriptor

Unit descriptor

This unit describes the performance outcomes, skills and knowledge required to manage business relationships with customers or suppliers. It requires the ability to establish and maintain business relationships, conduct formal negotiations and make and manage agreements or contracts.

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

Application of the Unit

Application of the unit

This unit describes a complex administrative skill for those working within the service industries and applies to the full range of industry sectors and environments.

The business agreements or contracts and negotiations described by this unit are formal and structured in nature and cover significant commercial dealings. They may relate to such things as corporate accounts, service contracts, agency agreements, venue contracts, rate negotiations, preferred product agreements, supply agreements and marketing agreements.

The establishment and management of business relationships require the application of significant analytical, communication, negotiation and relationship building skills. This role is generally undertaken by senior operational personnel or sales and marketing personnel who work autonomously and are responsible for making strategic decisions on purchasing or marketing activities for an organisation and for overseeing the maintenance of contracts or agreements. Managers and owner-operators of small businesses would also undertake this activity.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units

Nil

Employability Skills Information

Employability skills

The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit is packaged will assist in identifying employability skills requirements.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT

PERFORMANCE CRITERIA

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|---|-------------------------------|-----|--|
| 1 | Build business relationships. | 1.1 | Establish relationships within appropriate cultural context in a manner that promotes goodwill and trust between the organisation, its customers and suppliers. |
| | | 1.2 | Build trust and respect in business relationships through use of effective communication skills and techniques. |
| | | 1.3 | Identify and take up <i>opportunities to maintain regular contact with customers and suppliers.</i> |
| 2 | Conduct negotiations. | 2.1 | Conduct negotiations in a professional manner within relevant cultural context. |
| | | 2.2 | Conduct negotiations in the context of current organisation marketing focus. |
| | | 2.3 | Maximise benefits for all parties in the negotiation through use of established <i>negotiation techniques</i> and in context of establishing long-term relationships. |

ELEMENT**PERFORMANCE CRITERIA**

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| | 2.4 | Incorporate feedback and input from colleagues into the negotiation where appropriate. |
| | 2.5 | Communicate results of negotiations to appropriate colleagues and stakeholders within appropriate timeframes. |
| 3 | Make formal business agreements. | |
| | 3.1 | Confirm agreements in writing, using formal contracts where appropriate and according to organisation requirements. |
| | 3.2 | Check and gain appropriate approvals for all aspects of formal agreements according to organisation procedures. |
| | 3.3 | Identify the need for and seek specialist advice in the development of contracts where appropriate. |
| 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 the scope of individual responsibility, complying with agreed terms and meeting key performance indicators (KPIs). |
| | 4.3 | Make adjustments to agreements in consultation with customer or supplier and share information with appropriate colleagues. |
| | 4.4 | Nurture relationships through regular contact and use of effective interpersonal and communication styles. |

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

The following skills must be assessed as part of this unit:

- high-level negotiation skills and techniques appropriate to negotiations that may be of significant commercial value
- high-level interpersonal and communication skills to establish and nurture ongoing relationships
- high-level literacy skills to outline specific written requests clearly and succinctly; read complex agreements, conditions and contracts; and confirm formal details in writing
- numeracy skills to prepare statistics, KPIs or usage figures that might relate to the negotiation of costs and calculate any costs related to agreements and contracts.

The following knowledge must be assessed as part of this unit:

- detailed knowledge of KPIs for the industry, industry structure and interrelationships, industry networks, information sources, sources of supply, and in-depth knowledge of distribution and marketing networks
- principles of negotiation, stages in the negotiating process and different techniques that can be applied
- legal issues that affect negotiations and contracts in the relevant industry sector
- general and working knowledge of contracts and basic understanding of contract law.

Evidence Guide

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:

- project or work activities that show the candidate's ability to successfully establish and maintain business relationships, conduct formal negotiations and make and manage agreements and contracts for a specific

EVIDENCE GUIDE

business operation

- detailed knowledge of KPIs for the industry, industry structure and interrelationships, industry networks, information sources, and distribution and marketing networks
- knowledge and understanding of role of contracts within a given business operation
- project or work activities conducted over a commercially realistic period of time so that the planning and relationship-building aspects of this unit can be assessed.

Context of and specific resources for assessment

Assessment must ensure:

- that the candidate has accessed a fully equipped office environment using appropriate computers, printers, communication technology, information programs and software to facilitate the processes involved in establishing and conducting business relationships
- access to an operation for which business relationships would be managed, or access to comprehensive and sufficient information about that operation to allow the candidate to fully establish and maintain business relationships, conduct formal negotiations and make and manage agreements and contracts
- use of materials that support the negotiation process such as preparatory facts, statistics, KPIs, product usage rates, request letters, and written confirmation of agreements and contracts
- use of plain English contract law information
- interaction with individuals or businesses that have a genuine or potential interest in negotiating and relationship-building for a commercial relationship.

EVIDENCE GUIDE

Methods of assessment

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

- direct observation of the candidate participating in verbal negotiations
- evaluation of negotiations and business relationships or agreements conducted or made by the candidate
- evaluation of reports prepared by the candidate to detail the way in which a negotiation activity was planned and conducted and lessons to be learned for future activities
- review of negotiating documents prepared by the candidate, including preparatory facts, statistics, KPIs, product usage rates, request letters and written confirmation of agreements
- case studies to assess application of different techniques to different negotiating scenarios
- written and oral questioning or interview to test knowledge, such as industry structure and interrelationships, negotiating principles and techniques and legal compliance issues
- review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:

- SITXINV003A Manage and purchase stock
- SITXMPR003A Plan and implement sales activities
- SITXMPR004A Coordinate marketing activities
- SITTPPD001A Research, assess and develop tourism products
- SITTPPD003A Source and package tourism products.

EVIDENCE GUIDE

Assessing employability skills Employability skills are integral to effective performance in the workplace and are broadly consistent across industry sectors. How these skills are applied varies between occupations and qualifications due to the different work functions and contexts.

Employability skills embedded in this unit should be assessed holistically with other relevant units that make up the skill set or qualification and in the context of the job role.

BSBMGT617A Develop and implement a business plan

Range Statement

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.

Opportunities to maintain regular contact with customers and suppliers may include:

- informal social occasions
- industry functions
- association membership
- cooperative promotions
- program of regular telephone contact.

RANGE STATEMENT

Negotiation techniques may include:

- identification of KPIs, goals and limits
- clarification of needs of all parties
- identifying points of agreement and points of difference
- preparatory research of facts, statistics, KPIs and product usage rates
- active listening and questioning
- non-verbal communication techniques
- appropriate language
- bargaining
- developing options
- confirming agreements
- appropriate cultural behaviour.

Unit Sector(s)

Sector

Cross-Sector

Competency field

Competency field

Management and Leadership