



Australian Government

SITXMG501 Establish and conduct business relationships

Release 1

SITXMGT501 Establish and conduct business relationships

Modification History

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

Version	Comments
1.0	E Replaces and is equivalent to SITXMGT006A Establish and conduct business relationships. Minor adjustments to expression of content to streamline and improve unit.

Unit Descriptor

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.

Application of the Unit

This 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.

Licensing/Regulatory Information

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

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements and 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.

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| 1. Build business relationships. | 1.1 Establish relationships within appropriate cultural context.
1.2 Build trust and respect in business relationships through use of effective communication skills and techniques.
1.3 Proactively 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 in the relevant cultural context.
2.2 Conduct negotiations in the context of current organisation goals.
2.3 Maximise benefits for all <i>parties</i> through use of established <i>negotiation techniques</i> and in the context of establishing long term relationships.
2.4 Incorporate feedback and input from colleagues into 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 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. |

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

- communication skills to:
 - conduct negotiations that may be of significant commercial value
 - establish and nurture ongoing professional relationships
- critical thinking skills to evaluate potentially complex internal and external issues that affect professional relationships and business negotiations
- initiative and enterprise skills to pro-actively seek opportunities for building business relationships
- literacy skills to:
 - read and interpret potentially complex agreements, conditions and contracts
 - develop or participate in the development of formal commercial agreements
- numeracy skills to evaluate commercial data and cost structures
- planning and organising skills to plan activities and initiatives that support professional relationships
- problem-solving skills to anticipate and respond to challenges in the negotiation process.

Required knowledge

- commercial context for business relationships in the relevant industry sector, including:
 - industry structure and interrelationships
 - sources of supply
 - distribution and marketing networks
 - professional networks
- principles of negotiation, stages in the negotiating process and different techniques that can be applied
- nature of agreements and contracts in the relevant industry sector and their key inclusions
- key components of contract law at an overview level, including:
 - 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 sector, including consumer protection.

Evidence Guide

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

Overview of assessment

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

Evidence of the ability to:

- establish and maintain business relationships over a period of time that allows for the demonstration of interpersonal and relationship building skills
- conduct formal negotiations and make and manage agreements and contracts in a specific business context
- demonstrate knowledge of industry structure and interrelationships, industry networks, and distribution and marketing networks
- demonstrate knowledge of the role and features of contracts in a given business operation or sector.

Context of and specific resources for assessment

Assessment must ensure use of:

- other people with whom business relationships can be established
- real or simulated sales or operational details for which contracts may be negotiated and agreed
- materials that support the negotiation process, such as preparatory facts, statistics, KPIs and market information.

Method 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 individual participating in negotiations
- evaluation of negotiation activities undertaken by the individual, including:
 - planning and preparation
 - outcomes and reporting
 - agreements reached
- use of case studies to assess application of different techniques to different negotiating scenarios
- written or oral questioning to assess knowledge of 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 individual.

Guidance information for assessment

The assessor should design integrated assessment activities to holistically assess this unit with other units relevant to the industry sector, workplace and job role, for example:

- SITTPPD401 Package tourism products
- SITTPPD601 Develop tourism products
- SITXINV601 Establish stock purchasing and control systems
- SITXMPR403 Plan and implement sales activities
- SITXMPR404 Coordinate marketing activities.

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, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

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

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

Parties may be:

- cooperative partners
- customers
- suppliers.

Negotiation techniques may include:

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

Unit Sector(s)

Cross-Sector

Competency Field

Management and Leadership