
Overview

This unit is about developing and negotiating business plans and maintaining the financial stability of the organisation. You will need to estimate the resources required to meet the business targets. You will need to calculate capital requirements and estimate cash flow against forecasted income and expenditure. You will also need to develop and implement procedures and systems to monitor the organisation's business performance. You will also need to evaluate your existing practices in order to develop strategies to manage continuous business improvement.

Performance criteria

You must be able to:

- 1 confirm and agree the aims and objectives of the business with stakeholders
- 2 develop and negotiate a business plan which sets out realistically the means by which the objectives of the business can be achieved
- 3 identify and assess key market factors and prioritise those which offer maximum opportunities
- 4 estimate the resources needed to meet the priority targets of the business plan
- 5 estimate income and return on capital and turnover realistically and at a level which will maintain financial stability
- 6 identify and calculate capital requirements and recommend appropriate methods for obtaining capital
- 7 estimate cash flow accurately against projected income and expenditure
- 8 develop and implement procedures and systems which will maintain the accurate monitoring of the organisation's business performance
- 9 evaluate existing practices in order to develop strategies to manage continuous business improvement

Knowledge and understanding

You need to know and understand:

- 1 how to confirm the aims and objectives of the business with stakeholders (application)
- 2 how and why to agree the aims and objectives of the business with stakeholders (evaluation)
- 3 how and why to develop a business plan (synthesis)
- 4 how and why to negotiate a business plan (synthesis)
- 5 what to identify as key market factors (understanding)
- 6 how and why to assess and prioritise key market factors (analysis)
- 7 how and why to prioritise key market factors (analysis)
- 8 how and why to estimate the resources needed to meet the priority targets of the business plan (analysis)
- 9 how and why to estimate income and return on capital and turnover (analysis)
- 10 what to identify as capital requirements (understanding)
- 11 how to calculate capital requirement (application)
- 12 how and why to recommend appropriate methods for obtaining capital (synthesis)
- 13 how and why to estimate cash flow (analysis)
- 14 how and why to develop procedures and systems which will maintain the accurate monitoring of the organisation's business performance (synthesis)
- 15 how to implement procedures and systems which will maintain the accurate monitoring of the organisation's business performance (application)
- 16 how and why to evaluate existing practices in order to develop strategies to manage continuous business improvement (evaluation)

Scope/range

1 Stakeholders:

- 1.1 owners
- 1.1 senior managers
- 1.3 funders
- 1.4 partners

2 Business plan:

- 2.1 estimates of income and expenditure
- 2.2 capital requirements
- 2.3 investment strategy
- 2.4 investment innovation strategy
- 2.5 pricing policy
- 2.6 cash flow
- 2.7 source and application of funds
- 2.8 risk analysis
- 2.9 environmental policy

3 Key market factors:

- 3.1 forecast of trends and market
- 3.2 geographic location
- 3.3 scope of service
- 3.4 turnover
- 3.5 profit margin
- 3.6 climate change, energy demand and carbon neutrality
- 3.7 environmental considerations
- 3.8 fiscal policy
- 3.9 government spending
- 3.10 interest rates

4 Resources:

- 4.1 people
- 4.2 plant and equipment
- 4.3 materials
- 4.4 sub-contractors and suppliers
- 4.5 external services
- 4.6 financial resources
- 4.7 accommodation

5 Procedures and systems:

- 5.1 cost systems

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- 5.2 management reporting systems
 - 5.3 task and process evaluation
 - 5.4 performance targets
 - 5.5 credit control
 - 5.6 valuation policy
 - 5.7 accounting standards
 - 5.8 insurance
 - 5.9 feedback and claims

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