



Equivalent QCF level:	Level 7
Credit Value:	30
Learning time (hours):	300

UNIT PURPOSE

To provide learners with the skills to apply financial principles relevant to strategic management in organisational contexts. Strategic planning for profit as well as not-for-profit organisations with a global focus. The unit develops learner knowledge of concepts and frameworks to develop effective strategic plans.

UNIT INTRODUCTION

This unit focuses on the resources a business needs to manage and plan in order to meet its organisational objectives effectively and efficiently. It concentrates on specific tools to evaluate various financing and investment options and thereby enables the learner to understand how to determine the best possible option for a business based on various analyses. A critical appraisal of the available techniques is also covered. Consideration of international aspects of financial management is included, along with management of risks to the organisation. The unit includes consideration of ways to obtain and use published financial reports to analyse the viability of competitor organisations, and the evaluation and management of intangible resources in organisations.



To pass this unit, the learner must generate evidence that demonstrates all learning outcomes have been met through the achievement of all the unit's assessment criteria.

Learning outcomes On completion of this unit, the learner will:		Assessment criteria On completion of this unit, the learner can:	Content
01	Understand the impact that resource decisions have both internally and externally on an organisation's performance and effectiveness	1.1 Identify a range of business resources to meet organisational objectives 1.2 Apply tools and techniques to the planning and allocating of resources 1.3 Identify the risks to strategy from inadequate resources	<p>Resources within a strategic plan: financial resources, human resources, capital resources, etc.</p> <p>Methods of resource allocation: the use of budgeting, measurement, and control systems, etc. to allocate and control resources effectively and efficiently</p> <p>Resource gaps: impact on strategy</p>
02	Be able to carry out investment appraisals and evaluate the applied approaches	2.1 Determine appropriate finance for an organisation from alternative sources, through the use of selected investment appraisal techniques 2.2 Evaluate the usefulness of various investment appraisal approaches 2.3 Analyse international aspects of financial risk management	<p>Sources of Finance: alternative sources of finance available to organisations such as owners' capital, loan, leasing, short term finances</p> <p>Capital projects evaluation: the use of cost of capital and use to evaluate capital projects</p> <p>Investment appraisal techniques: payback period, NPV, ARR, IRR, etc.</p>



			<p>Treasury management: financing and control of working capital</p> <p>International aspects of financial management: exchange and interest rate risk, transnational operations, international accounting standards</p>
03	Be able to apply cost concepts to management decision making	<p>3.1 Explain the importance of costs in pricing strategies</p> <p>3.2 Design a costing system for an organisation</p> <p>3.3 Evaluate existing costing systems and propose improvements</p>	<p>Management accounting information: use of management accounting information such as cost-volume and cost-profit indicators to support investment in product/market decisions, pricing decisions</p> <p>Cost management methods: the use of cost effective policies for lean enterprise, business excellence, and value chain analysis, traditional budgets and contemporary budgeting, activity based costing</p>



<p>04</p>	<p>Understand the importance of risk management in strategic decision making</p>	<p>4.1 Identify various sources of risks that relate to a businesses</p> <p>4.2 Evaluate techniques for risk recording and monitoring</p> <p>4.3 Measure and monitor the impact of various risks to an identified business</p> <p>4.4 Apply strategies and techniques to mitigate particular business risks</p>	<p>Different types and sources of risks: financial, technological, reputation, social, operational, etc.</p> <p>Risks associated with international operations: cultural differences, regulations, economic, political, exchange and interest rates etc.</p> <p>Techniques to manage risk: avoidance, reduction, transference and retention</p> <p>Risk management reports: prepare reports analysing the risks identified and possible precautions to manage those</p>
<p>05</p>	<p>Be able to apply financial management techniques to intangible resources</p>	<p>5.1 Define tangible and intangible resources</p> <p>5.2 Use various strategies, tools to monitor and evaluate intangible and tangible resources</p> <p>5.3 Determine the efficiency of resource utilisation in an organisation using appropriate techniques</p>	<p>Intangible resources: intellectual property considerations- goodwill, patents, corporate image, brands, reputational risk</p> <p>Benchmarking: Products, services, processes, practices and performance against best practice to reduce cost and deliver value</p> <p>Organisational competency audit: vision and mission analysis; congruence of goals at corporate, business and divisional level</p>



06	Know how to interpret financial statements for strategic planning and decision-making	<p>6.1 Analyse financial statements to determine the financial viability of an organisation</p> <p>6.2 Apply financial ratios to improve information quality</p> <p>6.3 Compose financial recommendations for an organisation based on sourced information</p>	<p>Financial statements and their sources: companies house data, profit and loss account, balance sheet, cash flow, balanced scorecards</p> <p>Financial ratios: internal and external use of ratios, calculation of ratios, efficiency and profitability</p>
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DELIVERY & ASSESSMENT

Tuition and guidance should adopt flexible approaches to delivering the unit. Formal tuition sessions will have input from a tutor to identify some of the theoretical subject matter and learners can work individually and in a group researching and gathering information about the subject. Research, case studies, simulations, exercises and discussion are engaging ways of learning about the subject. Learners can use self-directed study and reflect on their experience and expertise. Up-to-date information and materials are available from many sources such as businesses, the world wide web, television and radio broadcasts, broadsheet newspapers and advisory services.

In order to pass this unit, the evidence that the learners present for assessment must demonstrate that they have met the required standard specified in the assessment criteria. Centres will devise and mark the assessments for the unit and learners must meet all assessment criteria to pass the unit.

A range of assignments types can be used such as reports, proposals, plans, presentations, articles, case studies, exercises, simulations, a learning journal and practical work. All assessment methods are acceptable provided the assessment enables the learners to produce evidence that can be judged against the assessment criteria.

Learning outcome 1 requires learners to learn that businesses need sufficient resources at reasonable cost that should be used in effective ways. Insufficient resources will cause both long- and short-term problems for businesses. Some businesses factor their debts to ensure they have sufficient liquidity. Other businesses outsource their production to low cost locations. Both techniques contribute to business effectiveness.

Learning outcome 2 requires learners to identify sources of finance and to examine and use the techniques for appraising investment projects.

Learning outcome 3 requires learners to use cost concepts to inform management decision-making in areas such as establishing the cost of producing goods and services, establishing prices to be charged and budgetary control. By applying suitable costing techniques managers are provided with the means of ensuring that businesses run efficiently and meet their objectives.

Learning outcome 4 requires learners to consider the nature of risks faced by businesses and how these might be managed and mitigated through the application of risk assessment, risk measurement, risk impact and risk control tools and techniques.

Learning outcome 5 requires learners to consider the value of intangible items to a business and the importance of managing these effectively. Companies such as Samsung and Apple spend large amounts of money on litigation over the ownership of patents as they have significant value both to the businesses themselves in their own activities and as a source of revenue from licences.

Learning outcome 6 requires learners to use and interpret financial statements for strategic planning and decision-making purposes. Businesses need to be viable financially, and be stable and sustainable if they are to meet their longer term objectives and interpreting financial data examines whether these requirements are met.



DELIVERY & ASSESSMENT

For some learners, assessment criteria can be met through recognition of prior learning (RPL) which will enable them to present evidence to show that they can attain the assessment requirements of the unit through knowledge, understanding or competence they already possess.

If a learning journal is used then the narratives in it can be mapped to assessment criteria and used as evidence for the demonstration of relevant assessment criteria.

It is possible to assess work using professional discussions, with learners explaining and describing things to the assessor either on a one-to-one basis or in group work or in a presentation. Similarly questioning can be used to provide evidence of knowledge. If these types of assessment are used then the work must be directly attributable to the learner.

Assessment can be for individual learning outcomes, for groups of learning outcomes within a unit and can be combined with the assessment of outcomes and criteria from other units. This latter would require an assessment map to identify where outcomes and criteria are assessed.

OUTLINE LEARNING PLAN

The following outlined learning plan can be used as a guidance document in conjunction with the unit assessment. It is simply a way in which this unit can be delivered.

TOPIC AND SUGGESTED ASSIGNMENTS/ACTIVITIES/ASSESSMENT

Introduction to unit and programme of learning
Presentation on resourcing decisions and the impact they have both internally and externally on organisational performance and effectiveness
Practical work, research and discussion on resourcing decisions and the impact they have both internally and externally on organisational performance and effectiveness
Presentation on sources of finance and investment appraisal
Practical work, research and discussion on sources of finance and investment appraisal
Presentation on risk management
Practical work, research and discussion on risk management
Assignment 1. Report and presentation
Tutorial support and feedback for assignment 1
Presentation on cost concepts and management decision making



OUTLINE LEARNING PLAN

TOPIC AND SUGGESTED ASSIGNMENTS/ACTIVITIES/ASSESSMENT

Practical work, research, exercises and discussion on cost concepts and management decision making
Presentation on financial management techniques applied to intangible items and efficient use of all resources
Practical work, research, exercises and discussion on financial management techniques applied to intangible items and efficient use of all resources
Presentation on interpreting financial statements and strategic planning and decision-making
Practical work, research, exercises and discussion on interpreting financial statements and strategic planning and decision-making
Assignment 2. Three briefing papers
Tutorial support and feedback for assignment 2
Review of unit and programme of assignments

PROGRAMME OF SUGGESTED ASSESSMENT/ASSIGNMENTS

The following table illustrates the respective assessments for the unit and identifies the corresponding assessment criteria.

Assessment Criteria covered	Assignment title	Scenario	Assessment method
1.1, 1.2, 1.3 2.1, 2.2, 2.3, 4.1, 4.2, 4.3, 4.4	Assignment 1	You have been asked to advise a recently established business that is seeking to expand. It has staff that is expert and technically competent in the production of the scientific equipment it makes. The market is set to grow and in order to develop and ensure its continued existence the owners have decided to seek some financial advice	Report and presentation



PROGRAMME OF SUGGESTED ASSESSMENT/ASSIGNMENTS

Assessment Criteria covered	Assignment title	Scenario	Assessment method
1.1, 1.2, 1.3 2.1, 2.2, 2.3, 4.1, 4.2, 4.3, 4.4	Assignment 1– Cont.	<p>You work for the regional business advisory service and have been asked to produce a series of briefings for owners and employees.</p> <p>You are required to produce a briefing supported with a presentation in which you:</p> <ul style="list-style-type: none"> • Examine the impact that resource requirements and allocation decisions have both internally and externally on the business’ performance and effectiveness • Identify possible sources of finance for expansion through investment in a capital project for which an investment appraisal is provided • Identify the types of risks the business is exposed to with an evaluation of how to assess, monitor and record the risks. Specify how identified risks can be managed and mitigated • Tutors should provide a detailed case study or select the business ensuring that learners have sufficient stimulus materials 	Report and presentation



PROGRAMME OF SUGGESTED ASSESSMENT/ASSIGNMENTS

Assessment Criteria covered	Assignment title	Scenario	Assessment method
3.1, 3.2, 3.3 5.1, 5.2, 5.3 6.1, 6.2, 6.3	Assignment 2 – Cont.	<p>You are continuing to advise a recently established business that is seeking to expand. It has decided to ensure that all owners and senior managers fully understand the importance of financial management as a tool to ensure efficient management of the business</p> <p>You have been asked to prepare three briefing papers in which you:</p> <ul style="list-style-type: none"> • Explain cost concepts and apply them to management decision making in the business showing how they improve the existing systems • Explain how all resources can be efficiently managed and apply financial management techniques to the intangible items such as intellectual assets, patents and reputation that the business has • Analyse and interpret financial statements showing how the information yielded can be used for and applied to strategic planning and decision-making • Tutors should provide a detailed case study or select the business ensuring that learners have sufficient stimulus materials 	Three briefing papers



TEXTBOOKS	
<ul style="list-style-type: none"> • Lumby & Jones, Corporate Finance Theory and Practice (6th Ed.), 2011 • Ross, S. A., Westerfield, R. W., and J. Jaffe, Corporate Finance, (10th Ed.), 2013 	
JOURNALS	
<ul style="list-style-type: none"> • Journal of International Financial Management and Accounting • Journal of Multinational Financial Management • Strategic Management Journal • International Journal of Strategic Management 	
WEBSITES	
Free Management Library	http://managementhelp.org/
Forbes	http://www.forbes.com
Financial Managers Society	http://www.fmsinc.org/
Accounting Coach	http://www.accountingcoach.com/
Understanding accounts for non-financial managers	http://www.mindtools.com/pages/article/newCDV_45.htm