

Specification of Competency Standards of the Beauty and Hairdressing Industry

Unit of Competency

Functional Area: Operational Management

Title	Formulate Financial Management Strategies
Code	105440L5
Range	This unit of competency (UoC) is applicable in the hairdressing industry. Practitioners should be able to critically analyze and assess the organization's various kinds of financial management problems, and formulate the most cost-effective financial management plan by integrating relevant information/data such as cost, expenditure and profit.
Level	5
Credit	6 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge of financial management and operation of the hairdressing industry <ul style="list-style-type: none"> • Understand the operation of the hairdressing industry • Possess knowledge of financial management of the hairdressing industry, e.g. financial management objectives • Understand techniques of analysing financial reports of the hairdressing industry, e.g.: balance sheets, profit and loss statements, cash flow statements, forecasting statements, etc. • Understand financial planning and forecasting methods for the hairdressing industry • Understand capital budgeting methods for the hairdressing industry, e.g. principles of investment, net present value method, profitability index • Understand the calculation of project cash flow in the hairdressing industry, including: relevant cash flow, additional cash flow, operational cash flow, etc. • Understand financial forecast <ul style="list-style-type: none"> • Different assumptions for financial forecast • Profit and loss statements • Balance sheets • Cash flow statements • Breakeven analysis and funding needs (the best and the worst scenario) • Funding source • Use of funds, etc. • Understand risk and return theory, such as: <ul style="list-style-type: none"> • System risk and non-system risk • The relation between risk and expected return • Understand the concept of crisis management • Understand the application of information technology 2. Formulate financial management for the hairdressing industry <ul style="list-style-type: none"> • Master financial management techniques to formulate a comprehensive financial management strategy and plan for the organization in a changing business environment, including: <ul style="list-style-type: none"> • Analyze financial statements • Formulate capital budgeting and cost control plan • Formulate business risk and return management plan • Implement financial planning to control the business cycle and cash flow and master cash budgeting • Formulate the management plan of operating capital, such as: control cash income and expenses, control inventory, draw up credit policy and analysis • Draw up crisis management plans • Formulate plans to apply information technology in financial management 3. Exhibit professionalism <ul style="list-style-type: none"> • Ensure the financial information/data provided is accurate and correct • Prevent professionally any abuse of power or corruption by the manipulation of financial management

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Assessment Criteria	The integrated outcome requirements of this UoC are the abilities to: <ul style="list-style-type: none">• Master knowledge of financial management for the hairdressing industry according to the characteristics of the industry, and formulate a comprehensive financial management policy and plan to enhance the organization's economic benefit; and• Apply appropriate knowledge of information technology and crisis management to formulate financial management plan according to the actual operation of the organization.
Remark	