

Title	Demonstrate knowledge of business basics in the wood manufacturing industry		
Level	3	Credits	5

Purpose	People credited with this unit standard are able to demonstrate knowledge of: commodity cycles in one wood manufacturing industry; the organisational structures of a wood manufacturing business; the budgeting process used in a wood manufacturing business; and the business terminology used in the wood manufacturing industry.
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Classification	Wood Manufacturing - Generic Skills > Wood Manufacturing Foundation Skills
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Available grade	Achieved
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Guidance Information

1 Definitions

Accepted industry practice refers to approved codes of practice and standardised procedures accepted by the wider wood manufacturing industry as examples of best practice.

Commodity cycles refer to the international commodities market for wood products.

KPIs (key performance indicators) are financial and non-financial measures used to help an organisation define and evaluate how successful it is, typically in terms of making progress towards its long-term organisational goals.

Organisational structure refers to the corporate (including multi-national ownership) and business unit structure of a company in the wood manufacturing industries.

Wood manufacturing industries include but are not limited to – solid wood, wood panels, and pulp and paper businesses.

Workplace procedures refer to documented policies and procedures set by the organisation carrying out the work, and to documented or other directions provided to staff, and applicable to the tasks being carried out. They may include but are not limited to – standard operating procedures, site specific procedures, site safety procedures, equipment operating procedures, quality assurance procedures, product quality specifications, references, approved codes of practice, housekeeping standards, environmental considerations, on-site briefings, supervisor's instructions, and procedures to comply with legislative and local body requirements relevant to the wood manufacturing sector.

2 Range

Competence is to be demonstrated with reference to at least one of the wood manufacturing industries.

3 Assessment information

All activities and evidence must meet workplace procedures and accepted industry practice.

Outcomes and performance criteria

Outcome 1

Demonstrate knowledge of commodity cycles in one wood manufacturing industry.

Performance criteria

- 1.1 A commodity is defined, and an example is given.
- 1.2 The nature of a wood product commodity market is described in terms of supply and demand effects on the market and the wood manufacturing business.
- Range effects may include but are not limited to – supply and demand cycles, competition, forestry growth cycle, stockpiles, wood fibre substitute products, economic fluctuations; evidence is required for at least three effects.
- 1.3 International factors that affect a wood product commodity market are described in terms of how they can affect the market.
- Range factors may include but are not limited to – government and international legislation and treaties, variations in foreign exchange, subsidies or tariffs; evidence is required for at least two factors.

Outcome 2

Demonstrate knowledge of the organisational structures of a wood manufacturing business.

Performance criteria

- 2.1 Three stakeholders in a wood manufacturing business are identified and their role in the organisational structure is explained.
- Range stakeholders may include but is not limited to – shareholders, board of directors, chief executive officer, employees, customers, suppliers.
- 2.2 Wood manufacturing business ownership structures are described.
- Range majority shareholder, joint venture, partnership, corporate holding.
- 2.3 The reason larger companies are often divided into smaller units such as divisions, departments, or teams is explained.

2.4 Interactions between one direct supplier and one customer are described for a department or work area of a wood manufacturing business.

Range interactions must include – product or service, communication and supply flows.

Outcome 3

Demonstrate knowledge of the budgeting process used in a wood manufacturing business.

Performance criteria

3.1 The rationale for the budget process is described.

3.2 The budget cycle for a wood manufacturing business is identified in terms of processes for drafting and approval, including key deadlines and reporting requirements.

3.3 A wood manufacturing business budget is explained in terms of wood product commodity sales value (income) and wood manufacturing production costs.

3.4 Relationships between a wood manufacturing business budget and KPIs are identified and explained.

Outcome 4

Demonstrate knowledge of the business terminology used in the wood manufacturing industry.

Performance criteria

4.1 Business terms related to planning in a wood manufacturing business are described in terms of their purpose and how they help the company achieve the overall goals in its business strategy.

Range evidence is required for the following terms – strategic plan, business or annual operational plan, annual operational budget.

4.2 Abbreviations used in a wood manufacturing business are interpreted.

Range evidence is required for at least four of the following terms – earnings before interest and tax (EBIT), return on investment (ROI), capital expenditure (CAPEX), KPI, economic value added (EVA).

4.3 Budgeting and accounting terms used in a wood manufacturing business are defined.

Range evidence is required for at least five of the following terms – income, profit, loss, cash flow, turnover, interest, depreciation, capital, margin.

- 4.4 Fixed costs, variable costs, and overheads are defined, and one wood manufacturing industry example is provided for each term.

Planned review date	31 December 2024
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	26 August 2003	31 December 2015
Review	2	18 December 2006	31 December 2015
Revision	3	18 September 2009	31 December 2015
Review	4	20 March 2014	N/A
Review	5	28 May 2020	N/A

Consent and Moderation Requirements (CMR) reference	0013
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

Comments on this unit standard

Please contact Competenz qualifications@competenz.org.nz if you wish to suggest changes to the content of this unit standard.