

UNIT E3 OBTAIN ADDITIONAL FINANCE FOR THE ORGANISATION

UNIT SUMMARY

What is this unit about?

This unit is about identifying the need for and obtaining additional finance to fund the organisation's proposed activities. The organisation may already be generating some surplus income through the ongoing supply of its products and/or services. This may be insufficient, however, to fund activities such as investment in new equipment or proposed changes to products and/or services and it is in instances such as these where additional finance might be required.

A key aspect of this unit is identifying types of finance and funding providers which are appropriate to the particular needs of the organisation.

Whilst you would be expected to draw on the expertise of financial specialists, you are not expected to be a financial specialist yourself.

For the purposes of this unit, an 'organisation' can mean a self-contained entity such as a private sector company, a charity or a local authority or a significant operating unit, with a relative degree of autonomy, within a larger organisation.

Who is this unit for?

The unit is recommended for senior managers.

Links with other units

This unit is linked to **units B3. Develop a strategic business plan for your organisation and B4. Put the strategic business plan into action** in the overall suite of National Occupational Standards for management and leadership.

If your organisation is a small firm, you should look at unit *G3 Get finance for the business* which has been developed by the Small Firms Enterprise and Development Initiative (SFEDI) specifically for small firms and which may be more suitable to your needs. You can obtain information on the unit from SFEDI on tel. 0114 241 2155 or at the SFEDI website (www.sfedi.co.uk).

Skills

Listed below are the main generic 'skills' which need to be applied in obtaining additional finance for the organisation. These skills are explicit/implicit in the detailed content of the unit and are listed here as additional information.

- Thinking strategically
- Questioning
- Information management
- Evaluating
- Presenting information
- Communicating
- Decision-making
- Risk management
- Prioritising
- Contingency planning
- Monitoring
- Involving others
- Planning
- Forecasting
- Influencing and persuading
- Problem solving
- Leadership
- Reviewing
- Negotiating

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Outcomes of effective performance

You must be able to do the following:

- 1 Identify the additional finance required to fund the organisation's proposed activities.
- 2 Seek and make effective use of specialist financial expertise.
- 3 Evaluate the costs, benefits and risks of the current types and providers of finance used by the organisation and other potential types and providers of finance.
- 4 Select the types of finance which are most appropriate to the needs of the organisation, taking account of levels of acceptable risk and views of stakeholders, and identify possible providers.
- 5 Present fully-costed proposals and recommendations for obtaining additional finance to relevant people in the organisation and, where appropriate, any key stakeholders, and discuss and agree on potential providers of finance.
- 6 Ensure timely submission of clear proposals or bids or applications to potential providers of finance and seek regular updates on progress.
- 7 Put formal agreements in place with providers for agreed amounts of finance at agreed times and, as appropriate, agreed costs and repayment schedules.
- 8 Identify any shortfall in the level of additional funding obtained and take appropriate action.
- 9 Put contingency plans in place to deal with any problems in the additional finance being made available and any changes to the level of additional finance required.
- 10 Monitor the effectiveness of the agreements for providing additional finance, identifying and making changes where necessary and identifying improvements for the future.

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Behaviours which underpin effective performance

- a You reflect regularly on your own and others' experiences, and use these to inform future action.
- b You comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes.
- c You show sensitivity to stakeholders' needs and interests and manage these effectively.
- d You identify the implications or consequences of a situation.
- e You act within the limits of your authority.
- f You identify and work with people and organisations that can provide support for your work.
- g You constructively challenge the status quo and seek better alternatives.
- h You are vigilant for potential risks.
- i You identify and raise ethical concerns.
- j You recognise changes in circumstances promptly and adjust plans and activities accordingly.
- k You work to a clearly defined vision of the future.

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Knowledge and understanding

You need to know and understand the following:

General knowledge and understanding

- 1 Why organisations might need additional finance for their proposed activities.
- 2 Where to obtain and how to evaluate information in order to identify an organisation's requirement for additional finance.
- 3 Sources of specialist financial expertise and how to make effective use of them.
- 4 Different types of finance.
- 5 Different providers of finance.
- 6 How to evaluate the costs, benefits and risks of different types and providers of finance.
- 7 Criteria for selecting types and providers of finance which are appropriate to organisational needs and the views of stakeholders.
- 8 The importance of risk in obtaining additional finance and ways in which the level of risk can be identified and managed.
- 9 How to work out the full cost of obtaining finance from providers.
- 10 The importance of consulting with relevant people in the organisation and key stakeholders on proposals and recommendations for obtaining additional finance.
- 11 The importance of submitting clear proposals or bids or applications to potential providers of finance and allowing sufficient time for their submission and consideration.
- 12 The type of formal agreements that should be put in place with providers of finance and what they should cover.
- 13 The type of actions that might need to be taken in the event of a shortfall in additional funding.
- 14 Why it is necessary to put contingency plans in place in relation to obtaining additional finance and the type of contingencies that might occur.
- 15 How to monitor the effectiveness of agreements put in place for providing additional finance.
- 16 The changes that might need to be made to agreements for additional finance.

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Industry/sector specific knowledge and understanding

- 17 The types and providers of finance that tend to be used in your industry or sector, and why they are preferred.
- 18 Guidelines and codes of practice and any legislative, regulatory and ethical requirements in relation to types and providers of funding in your industry or sector.

Context specific knowledge and understanding

- 19 The vision, objectives and plans of the organisation.
- 20 The proposed activities of the organisation, including those which require additional finance.
- 21 The organisation's stakeholders and their views in relation to the financing of the organisation's activities.
- 22 The current types and providers of finance used by the organisation and other potential types and providers of finance and their associated costs, benefits and risks.
- 23 The particular needs of the organisation in terms of securing additional finance, including the organisation's attitude to risk.
- 24 Relevant people in the organisation and any key stakeholders who should be consulted on proposals and recommendations for obtaining additional finance.
- 25 Proposals or bids or applications submitted to providers of finance and how they have been progressed.
- 26 Formal agreements with providers of additional finance to the organisation.
- 27 The contingency plans that have been put in place in relation to additional finance.
- 28 The specialist financial expertise currently used by your organisation and other potential sources of expertise.
- 29 The systems in place for monitoring the effectiveness of the agreements for additional finance and identifying changes to agreements and improvements for the future.

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Evidence requirements

Outcomes	Evidence of Outcomes: • possible examples of evidence	Behaviours	Knowledge and Understanding		
			General	Industry specific	Context specific
O1 O2 O3 O4 O5 O6	Assessments of the organisation's additional financial requirements:				
	• investment schedules, income/revenue and expenditure forecasts, assessments of future capital expenditure and cash flow forecasts that you have prepared	c, e, h, i, k	1, 2, 9	-	1, 2, 5, 6
	• notes, minutes or other records of meetings or consultations, and emails, letters and other communications, with stakeholders, colleagues and external specialists to identify the requirements for additional finance, the costs and benefits of types and sources of finance, and the risks of, and criteria for deciding on, the type, level and source of finance	a, b, c, d, e, f, g, h, i, k	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1, 2	1, 2, 3, 4, 5, 6, 10
	• risk and uncertainty assessments, cost/benefit analyses, decision tree analysis, comparisons and appraisals of alternative sources/ways of financing requirements, etc	c, d, e, h, k	4, 5, 6, 7, 8, 9	1, 2	2, 3, 4, 9
	• costed proposals or recommendations for types and levels of finance to meet identified financing requirements, with associated risk, sensitivity and other analyses that you have prepared, and notes or minutes of meetings or presentations you have made to discuss, review and agree your proposals	b, c, d, e, f, g, h, i, k	4, 5, 6, 7, 8, 9, 10	1, 2	1, 2, 3, 4, 5, 6
	• personal statements (your reflections on the process of identifying financial requirements, evaluating types and levels of finance, and reaching agreement on your proposals)	a, c, d, g, h, i, k	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1, 2	1, 2, 3, 4, 5, 6
O5 O6 O7 O8 O9 O10	Records of negotiations and agreements for provision of finance:				
	• notes, minutes or other records of meeting with providers of finance (or their intermediaries)	b, c, d, e, f, h, i, j, k	4, 5, 6, 7, 11	1, 2	2, 4, 5, 10
	• emails, memos, letters or reports you have written to review and make recommendations about appropriate providers and the terms and conditions of their financial support for the organisation, and any contingency plans or insurance that should be put in place	a, b, c, d, e, h, i, j, k	4, 5, 7, 8	1, 2	2, 4, 5, 6, 10

Outcomes	Evidence of Outcomes: • possible examples of evidence	Behaviours	Knowledge and Understanding		
			General	Industry specific	Context specific
	<ul style="list-style-type: none"> letters, proposals, submissions or other documents you have prepared and submitted to obtain finance and to make contingency arrangements in the case of a shortfall or to mitigate any risks 	b, d, e, h, k	4, 5, 8, 11, 12, 13, 14	1, 2	2, 4, 5, 7, 8, 9, 11
	<ul style="list-style-type: none"> reviews of financing agreements that you have undertaken and recommendations to revise procedures or decision criteria in future financing arrangements 	a, c, d, i	4, 5, 15, 16	1, 2	5, 6, 7, 8, 10, 11
	<ul style="list-style-type: none"> personal statement (your reflections on the process of agreeing finance for your organisation) 	a, b, c, d, h, i, j	4, 5, 8, 10, 14, 15, 16	1, 2	3, 5, 6, 11

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