BSBADM311
Maintain business resources
Release 1

Learner guide

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learning resources

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Aspire Version 1.1

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Contents

Before you begin

This learner guide is based on the unit of competency *BSBADM311 Maintain business resources*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.

Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	• Identifies and interprets information from a range of sources, including organisational policies and procedures
Writing	• Uses clear and succinct language and appropriate layout to provide information, advice and support materials
Oral communication	• Presents information or advice choosing language appropriate to the context and needs of the audience • Uses active listening and questioning to confirm understanding
Numeracy	• Selects and uses appropriate tools to aid with estimation and other resource assessment requirements • Uses a combination of mainly informal and some formal written mathematical equations to represent the outcomes of the resource allocation process
Navigate the world of work	• Takes some personal responsibility for adherence to organisational procedures and protocols
Interact with others	• Uses collaborative techniques to engage personnel in consultations and negotiations
Get the work done	• Plans a range of routine tasks and required resources, accepting goals and aiming to achieve them within allocated timeframes • Recognises and takes responsibility for addressing predictable problems in familiar work contexts • Follows routine procedures for using digital technology to enter, store and retrieve information directly relevant to role • Understands the purpose and some specific functions of some common digital tools used in work contexts • Evaluates effectiveness of decisions in terms of how well they met stated goals

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome		Rate your confidence in each section
Topic 1 Advise on resource requirements	1A	Estimate business resource needs	❏ Confident ❏ Basic understanding ❏ Not confident
	1B	Give advice that is clear, concise and relevant to the organisation's needs	❏ Confident ❏ Basic understanding ❏ Not confident
	1C	Provide information on the cheapest and best equipment, materials and suppliers	❏ Confident ❏ Basic understanding ❏ Not confident
	1D	Identify resource shortages and their possible effect on operations	❏ Confident ❏ Basic understanding ❏ Not confident
Topic 2 Monitor resource usage and maintenance	2A	Handle resources safely	❏ Confident ❏ Basic understanding ❏ Not confident
	2B	Use business technology to monitor resource use	❏ Confident ❏ Basic understanding ❏ Not confident
	2C	Consult with individuals and teams to allocate resources	❏ Confident ❏ Basic understanding ❏ Not confident
	2D	Follow organisational policies for resource use	❏ Confident ❏ Basic understanding ❏ Not confident
	2E	Monitor resource usage	❏ Confident ❏ Basic understanding ❏ Not confident

... continued

Topic	Key outcome		Rate your confidence in each section
Topic 3 Acquire resources	3A	Acquire and store cost-effective resources to meet organisational needs	❏ Confident ❏ Basic understanding ❏ Not confident
	3B	Acquire resources according to required time lines	❏ Confident ❏ Basic understanding ❏ Not confident
	3C	Review resource acquisition processes	❏ Confident ❏ Basic understanding ❏ Not confident

Topic 1
Advise on resource requirements

A business's resources include its stock, facilities, equipment and staff. An organisation uses stock inventory systems to calculate, monitor and value its resources and requirements.

Estimates of present and future resource requirements are prepared so an organisation can fulfil its obligations to clients and staff. Advice on resource requirements needs to be clear, concise and relevant so the organisation can achieve its business objectives and plans. This advice should be based on the most economical and effective choice of equipment, materials and suppliers.

If you are providing this advice, you need to collect information from several suppliers before you find a resource (or product or service) that suits your organisation's budget and requirements. You may be responsible for monitoring resources to prevent shortages or for maintenance. Whatever your role is, you need to understand the resource requirements of your organisation.

In this topic you will learn how to:

1A   Estimate business resource needs

1B   Give advice that is clear, concise and relevant to the organisation's needs

1C   Provide information on the cheapest and best equipment, materials and suppliers

1D   Identify resource shortages and their possible effect on operations

1A   Estimate business resource needs

Business resources are the stock, facilities, equipment and staff an organisation needs to operate. They include fixed assets such as buildings, cars or furniture and consumable assets such as paper, stationery, cleaning products and kitchen supplies. The types of resources held by an organisation depend on its size and what kind of business it conducts.For example, a small panel-beating company with three employees may have a computer, a photocopier/printer and a fax machine in its office. In contrast, a large recruitment company with two hundred staff may have hundreds of computers and the office furniture to go with them, a high-volume printer and fax machine, and videoconferencing and interview rooms.

Categories of business resources

There are many categories of business resources. Here is a list of some of the main ones to consider in your workplace.

Facilities

Facilities are the buildings or rooms an organisation uses to carry out its business activities. A business may have various buildings in different areas of a city, in several states, or even in different countries. These could be offices, showrooms, retail space, warehousing or storage. These facilities may be owned, hired or leased by the organisation.

Equipment

Equipment is the tools, machinery, vehicles and IT devices an organisation uses in the course of its business activities. Equipment may be owned, hired or leased by the organisation.

For example, a recruitment company may have large meeting and training rooms furnished with equipment such as a videoconferencing system, electronic whiteboard, overhead projector and DVD player. An organisation may even hire out their meeting rooms to other organisations.

Hardware and software

Information technology can make up a large part of an organisation's resources and is used to carry out administrative, planning and communication tasks, as well as to monitor and control other resources. Hardware and software may include:

- computers , monitors and peripherals such as keyboards and mouses
- software programs
- portable electronic devices such as smartphones and organisers
- printers
- modems/wi-fi routers.

Outside the office, IT infrastructure is vital in operating machinery, transporting goods, and managing processing plants, factories and warehouses. It is also used for product development, testing, quality assurance and many other critical business activities.

Human resources

Human resources are the people who work for an organisation. They are an expensive and essential part of its structure. Increasing or decreasing human resources depends on a range of factors including supply and demand for the organisation's products and services, as well as economic and technological circumstances. For example, there may be times when additional casual or part-time staff need to be employed or when staff numbers have to be reduced (downsized).

Stock and supplies

Stock includes the trading stock the organisation deals with; for example, books, pharmaceuticals, building materials or wine grapes. Stock may also be fixed assets such as machinery or vehicles. Supplies include consumables such as stationery, fuel and packaging. Managing stock and supplies, or monitoring consumption and reordering, is a major part of an organisation's day-to-day operations.

Raw materials

Raw materials are the materials required for manufacturing finished goods; for example, a building company needs concrete, and a pharmaceutical company needs chemicals. The cost of purchasing raw materials will affect the sale price of the finished product. For an organisation to price their products competitively, they need to purchase raw materials that suit their quality demands and their budget.

Information

The information held by an organisation is another important asset. This could be in the form of data, such as a customer database that allows you to analyse sales trends and market services. It could be in the form of knowledge held by the company, such as a preferred supplier list or product designs.

The information held by an organisation is often referred to as an intangible asset. Intangible assets do not have a physical presence (unlike tangible assets such as buildings). They are hard to quantify, but can be very valuable. For example, if a company builds up a good reputation for customer service, this is an important asset to its financial success.

Understand a business's requirements

How an organisation calculates its resource needs depends on its requirements; for example, a business's paper usage may be estimated over a week or a month and a certain number of reams of paper ordered to suit demand. Purchasing high-value assets, such as computer hardware or motor vehicles, must be factored into annual budgets. You can acquire resources on a daily, weekly, monthly, quarterly, biannual or annual basis. This will depend on the nature of the organisation.

Organisations set out their requirements in a variety of ways, including in the following areas.

Mission statement, goals and objectives

Organisations develop a mission statement to summarise their goals, objectives and purpose. An organisation's ethical standards may also be included in their mission statement. For example, a coffee chain could state that it sources coffee beans from fair-trade sources. All staff should have easy access to the business's mission statement.

Business and performance plans

An organisation's business plan details how it will accomplish its mission statement. A business plan is a formal document that describes the business and its objectives, strategies and financial forecast. Business and performance plans should also outline management and accountability channels, which show who is responsible for what and who to contact if you need support.

Work health and safety (WHS) procedures

Business resources need to match work health and safety guidelines; for example, if a business is purchasing office furniture, it may need to meet particular ergonomic guidelines. Employees must have a safe working environment. It is against WHS laws for employees to work in a hazardous or unsafe environment.

Staff need access to training that enables them to understand safe working practices. This training may cover topics that range from working safely at a computer to handling toxic chemicals.

Organisations have a responsibility to provide a safe and healthy workplace by reducing risks wherever possible.

Quality assurance and procedures manuals

Quality assurance is an ongoing process that ensures the delivery of agreed standards and continuous improvement. It is a commitment by all levels of staff in an organisation to work together to produce the best possible quality products or services for its customers.

An organisation may have a procedures manual outlining its quality assurance systems. If the organisation has a commitment to excellence, this may mean it requires the very best resources available. Become familiar with your organisation's resource preferences. For example, an organisation may only deal with a particular supplier because it has particular quality certification.

You also need to be aware of any manufacturer and operational specifications that may affect ongoing quality assurance.

Policies regarding legal issues

All organisations have to operate in line with government legislation; for example, industrial relations laws must be upheld. This means offering staff a standard wage and providing holiday entitlements. When acquiring resources, your organisation will have to operate according to certain legal guidelines. This may have implications for the resources an organisation purchases.

Legal issues vary for organisations, depending on what they produce and where the production takes place. For example, a manufacturing company that buys chemicals will need to be aware of which chemicals it can legally acquire and how it can safely store and transport them. Another important legal consideration is the *Privacy Act 1988* (Cth). This act places restrictions on the collection and use of information. It also ensures confidentiality and security of information.

Your organisation may also have policies for complying with other industry standards, such as codes of practice, which are recommended industry practices that are not legally binding.

Example: understanding business requirements

A small company that imports silk flowers has recently opened for business. The company's mission is to become a recognised importer of quality silk floral items. The company guarantees 100 per cent customer satisfaction and values friendly service.

'Our purpose is to increase our customers' appreciation of handmade silk flowers and other silk products and to provide customers with beautiful, unique and artistic decorations.'

To fulfil its mission, the company needs to ensure its products are high quality, stay up to date with its catalogue and offers, and maintain stock levels to satisfy customer demand quickly and reliably. In addition, the company needs to ensure it has an excellent customer service team.

To accomplish its mission statement, the organisation's business plan is to:

- achieve sales of $1.5 million in 2015
- open a gift shop with a five-year lease
- employ another floral designer by December 2017
- establish an annual growth rate of 25 per cent
- expand its website in 2016
- expand its product range by adding 10 new flowers and flower arrangements in 2016.

Example: check that wages meet industry standards

Avanka works as an office assistant for a small physiotherapy clinic. A new therapist is needed in the clinic. Her manager asks her to contact their accountant to find out how much money they have to spend on new staff. However, the available money does not cover the industry standards for physiotherapists' salary and leave entitlements.

Knowing that there are areas in the office not being occupied, Avanka suggests to the manager that they sub-lease one of the rooms in the practice to a naturopath to generate enough income to hire a new physiotherapist.

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Estimate current and future resource requirements

An organisation must estimate its current and future resource requirements in order to operate competitively in its industry. Resources are needed for the daily running of an organisation and to fulfil its future plans; for example, if an organisation intends to relocate it will need new letterhead paper (with the new address), or if it intends to expand it will need to put on more staff.

You may need to advise on the stock level of existing resources, their cost to the organisation and their rate of usage. When an organisation knows this, it can plan what resources are required and identify cost-efficient ways of purchasing them.

Most organisations use a stock-control system, which is designed to accurately record the resources on hand. Such systems may be computerised or manual; the basic principles are the same. They help maximise efficiency because they ensure stock is available whenever it is required. Problems can arise if such systems are not in place. For example, if an organisation runs out of invoice stationery there could be delays in billing customers, which may affect the organisation's cashflow.

Stocktaking

Most organisations do regular stocktakes to check existing resources. This information may be kept on a computer database or in hard copy.

The two most widely used inventory accounting systems are the periodic and the perpetual systems. If you use the periodic system, it means you perform stocktaking periodically; for example, at the end of the financial year. If you use the perpetual system, it means you have to update your inventory continuously: every item of stock that enters and exits the organisation is recorded in the perpetual inventory.

Here are four ways to keep track of workplace resources.

An assets register

A perpetual inventory system

A periodic (physical) inventory system

A valuation of inventories
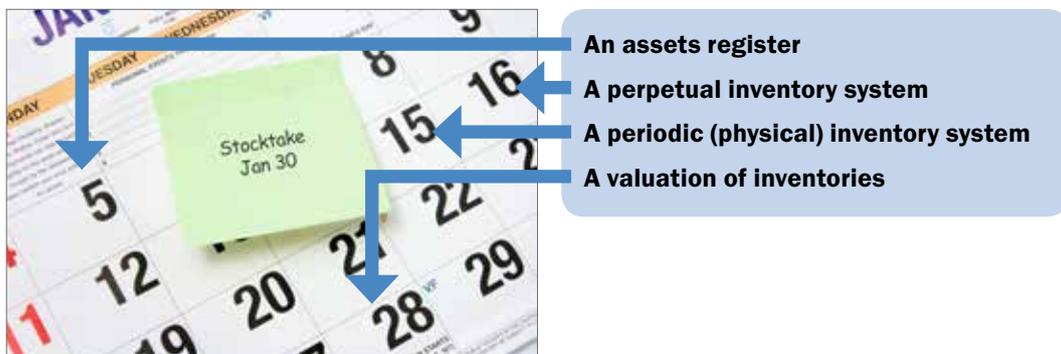
Assets register

Most organisations use a fixed assets register to keep track of their existing resources. This register identifies and lists assets, the date of acquisition and the cost. It also allocates a unique identifying number to each asset. When assets are sold or are not used any longer, they are removed from the assets register.

Example: fixed assets registry

Here is an example of a fixed assets registry.

Item description	Cost	Date purchased	ID number
Motor vehicles			
Mitsubishi Magna	$20,954.00	25/6/01	1010
Total	$20,954.00		
Hardware			
Xerox facsimile	$2,800.00	10/4/14	2010
Modem	$635.00	13/3/08	2020
Overhead projector	$590.00	4/9/10	2030
Total	$4,025.00		
Equipment			
8 x Dell computers	$20,500.00	3/8/13	3010
Compaq colour monitor	$760.00	2/2/12	3020
3 x Pentium computers	$12,475.00	2/2/12	3030
Compaq notebook	$1,345.00	4/9/11	3040
QuarkXpress software	$2,390.00	6/6/09	3050
Total	$37,470.00		
Fixtures and fittings			
Sliding door cabinet	$350.00	5/5/10	4010
Corner work station	$599.00	5/5/08	4020
Reception desk	$445.00	5/5/10	4030
4 x Carrera chairs	$646.00	4/9/07	4040
Slimline blinds	$590.00	5/5/07	4050
Bookcase/cupboard	$230.00	5/5/03	4060
Total	$2,860.00		

Perpetual inventory system

The perpetual inventory system requires that accounting records show the amount of inventory on hand at all times. This system uses stock cards to record stock movements. There is a stock card for every line of stock and the balance on the cards should match the stock that is physically on hand at any given time. The stock card is updated each time stock is added or removed.

The perpetual inventory system requires more record keeping than the periodic system and is often used by larger organisations.

Example: stock card for A4 photocopy paper

This is an example of a stock card for a printing company. The company needs to keep a minimum of 15 reams of paper on hand at any time. As soon as the stock gets to this level, another 35 reams must be purchased.

On 2 January 2015, the business had only 15 units of paper so more were ordered. On 6 January 2015, 35 more units were added to the inventory.

	Stock card - Item: A4 photocopy paper								
	In			Out			Balance		
Date	Unit	Cost ($)	Total ($)	Unit	Cost ($)	Total ($)	Total units	Unit cost ($)	Total cost ($)
03/01/15							15	5.00	75.00
06/01/15	35	5.00	175.00				50	5.00	250.00
15/03/15				10	5.00	50.00	40	5.00	200.00
31/03/15				15	5.00	75.00	25	5.00	125.00
20/04/15				10	5.00	50.00	15	5.00	75.00
02/05/15	35	5.00	175.00				50	5.00	250.00
20/05/15				15	5.00	75.00	35	5.00	175.00
30/05/15				20	5.00	100.00	15	5.00	75.00

Periodic inventory system: formula

In a periodic inventory system, sales are recorded as they occur but the inventory is not updated. When goods are purchased, the value is recorded, as is the amount received when goods are sold. However, stock details are not tracked between stocktakes. Stock control is based on a manual count of the stock on hand and does not involve keeping continuous records of stock.

If you use the periodic system, you need to know what your beginning inventory is. To that figure, you add new stock purchased. Then you count what inventory is left (ending inventory) and subtract that from your beginning inventory and purchases figure. The figure you have left indicates how many stock items have been sold. Use the following basic formula to help you understand a periodic inventory system.

Beginning inventory + Purchases – Ending inventory = Goods sold

Periodic inventory system: manual tracking

In this system, purchase orders, invoices and delivery dockets provide a record of stock movement. Because manual counting is the only way to tell whether new stock is needed, it is common to count stock on a weekly basis.

In order to determine the cost of goods sold and goods in stock, you must count and value stock at the end of each financial year. For small businesses, it is unrealistic to keep track of each item sold via a perpetual inventory system, so periodic stocktaking is usually undertaken. However, it is also difficult to keep track of stock using this system because stolen and damaged stock is considered sold.

Regardless of what inventory accounting system is used, it is good practice to perform a physical inventory at least once a year.

Example: periodic stocktake

Alexi works in the office of an organisation that sells stationery. His organisation uses a periodic stocktaking system. At the end of the financial year, he has to physically record stock movements.

Alexi collects information including purchase orders, invoices and delivery dockets. He identifies the stock the organisation had at the beginning of the financial year and the stock it has purchased. Alexi then counts the stock the organisation has left over. From this, he can work out how many items of stock have been sold and their cost. By counting and comparing stock sold through invoices with the current inventory, he can also work out and report on how much stock is missing.

Valuation of inventories

An inventory is a detailed list of all the items in stock. Organisations need to value their inventory at the end of the accounting period. The same method is used from

one period to the next, allowing a clear comparison of results. The method chosen affects the calculation of net profit and the amount of income tax payable.

The most common valuation methods used under an inventory system
First in, first out (FIFO)
Last in, first out (LIFO)
Average cost

First in, first out (FIFO) method

The FIFO method manages stock and allocates costs on the assumption that goods are sold in the order in which they were bought. It specifies that an organisation sells its oldest stock first. This method is often used by organisations that sell perishable goods. In other words, the oldest goods purchased are the first used or sold. Stock on hand is the most recent acquisitions and therefore may have an increased value if the cost per unit has increased. FIFO results in higher reported assets and equity.

Example: application of the FIFO method

This table shows units of the same stock that were bought over four months. It shows how much each unit was worth and the total cost of the purchase. Notice that the price per unit increases over the four months.

Purchases table

Month purchased	Quantity	$ Price per unit	$ Total cost
January	100	10.00	1,000.00
February	200	15.00	3,000.00
March	150	20.00	3,000.00
April	200	25.00	5,000.00

This table shows units sold, their FIFO price and the FIFO ending inventory (how much stock is left and what it is worth). For example, in January 50 units are sold at a cost of $10.00 each, leaving 50 units worth $10.00 each in the ending inventory. In February, 150 units are sold, using the remaining January stock and some of the new February stock, leaving 100 units worth $15.00 each. In March, 150 units are sold using the remaining February stock and some of the March stock.

FIFO table

Month sold	Quantity sold	FIFO $ price		FIFO ending inventory
January	50	50@10		50@10
February	150	50@10	100@15	100@15
March	150	100@15	50@20	100@20
April	200	100@20	100@25	100@25

Last in, first out (LIFO) method

The LIFO method manages stock and allocates costs on the assumption that the last units acquired are the first units sold. Inventory on hand is assumed to come from earlier acquisitions. It specifies that a company sells its newest inventory first. In other words, the most recently purchased stock is the first used or sold. Stock on hand is old acquisitions and therefore may have a decreased value if the cost to replace it has since increased. LIFO results in lower reported assets and equity.

Example: application of the LIFO method

This table shows units sold, their LIFO price and the LIFO ending inventory (how much stock is left and what it is worth). For example, in February 150 units were sold. Using the last in first out principle, new stock has to be sold first. This means that the 200 units bought in February have to be sold first. One hundred and fifty of these are sold at a cost of $15.00, leaving the old stock of 50 bought for $10.00 and the remaining 50 valued at $15.00.

LIFO table

Month sold	Quantity sold	LIFO $ price	LIFO ending inventory	
January	50	50@10	50@10	
February	150	150@15	50@10	50@15
March	150	150@20	50@10	50@15
April	200	200@25	50@10	50@15

Average cost method

The average cost is the total cost divided by the number of units produced or purchased. Average cost values inventory sold at the average cost of inventory purchased. The average cost system records the average cost of stock, not the actual cost. Under this system the average unit cost is calculated as follows.

(Cost of goods in store + Cost of purchases) ÷ Total units on hand = Unit cost

This method of valuing stock is common in companies that produce consumable or perishable items because it simplifies costing and pricing. If average costs are not used, the company must track each item's production costs in order to accurately calculate stock value.

Example: application of the average cost method

Assume there are 50 units on hand at $4.50 per unit. Then the organisation purchases an extra 75 units at $5.00 per unit. This is calculated as follows:

Goods in store	$4.50 x 50	**= $225**
Purchases	$5.00 x 75	**= $375**
Total cost	$225 + $375	**= $600**
Total units on hand	50 + 75	**= 125**
Average unit cost	$600 ÷ 125	**= $4.80 per unit**

Practice task 1

Read the case study, then answer the questions that follow.

Case study

George works in a factory that makes widgets. On Monday, 100 widgets are made at a cost of $1.00 per widget. On Tuesday, another 100 widgets are made at a cost of $1.10 per widget. On Wednesday, 150 widgets are made at a cost of $1.20 per widget.

1. On Thursday, George wants to sell 100 widgets at an average cost. What is the average cost of each widget and the total sale amount (if he were to sell at cost price)?

2. What is the value of the remaining stock at the average cost?

3. How do you calculate the average cost of a product?

1B Give advice that is clear, concise and relevant to the organisation's needs

You may be responsible for providing advice on business resources. You may have to estimate current and future business resource requirements based on organisational requirements and stock information. Before providing advice on resource requirements, you need to interpret information gathered from stocktaking and stock valuation.

You may also source information from staff members, suppliers, catalogues, brochures, advertising materials and trade journals.

You may be asked to advise on:

- organisational resource needs
- staff resource needs
- resource acquisition options.

Advice on organisational needs

Any advice you give about resources needs to be relevant to your organisational requirements. To understand these requirements, you need to be aware of your organisation's usual operations and its business plans. For example, if your organisation usually supplies 150 businesses with their paper requirements, then it will need the resources to satisfy this demand.

Your organisation may have a business plan that indicates future resource needs. For example, an organisation may be planning to expand and may need more human and technical resources as well as larger premises.

Advice on staff resource needs

Before you can advise on staff requirements, you need to collect information. The business plan or list of upcoming projects will show the organisation's future activities. New staff may need to be employed, vehicles acquired and training seminars organised. A restructure of the organisation may mean that certain jobs will have to be shared or made redundant. This could mean moving to smaller premises.

All of these situations involve forecasting requirements and identifying what resources need to be acquired.

Current and future staff requirements can be identified in two ways. You can use information about tasks and activities from the organisation's business plan. You can also consult staff through face-to-face interviews or prepare and deliver surveys or questionnaires.

If the business plan identifies that a new position has been created, this will mean:

- a new staff member employed
- additional office space needed
- new office furniture needed
- a new vehicle required.

Advice on appropriate acquisition options

It may be your responsibility to provide information on the most economical choices for your organisation's needs.

Your choice of equipment, materials and suppliers will be determined by:

- Budget
- Purchasing, hiring or leasing options
- Storage facilities
- Suppliers
- Availability
- Warranty
- Running costs

Practice task 2

1. Explain why business plans are useful for understanding an organisation's resource requirements.
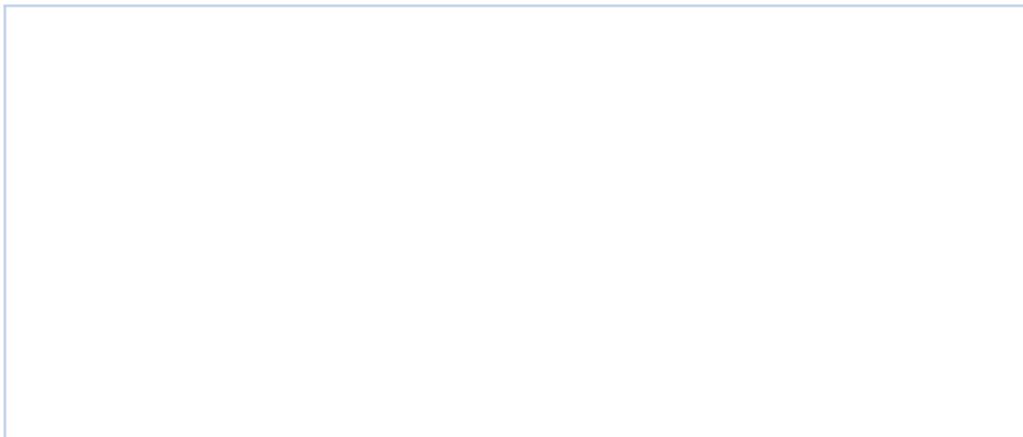
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2. Describe other information sources you could use to find out about organisational resource requirements.
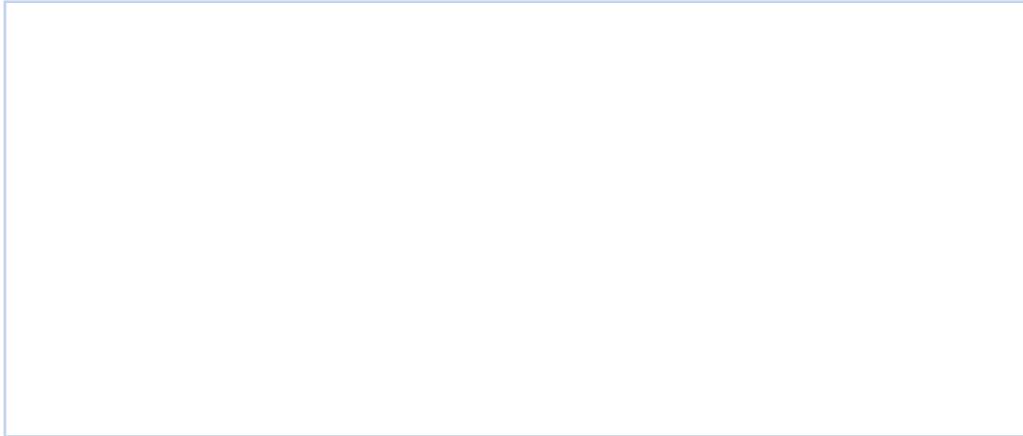
3. List the resources that are commonly required by staff at your organisation, or an organisation you are familiar with.

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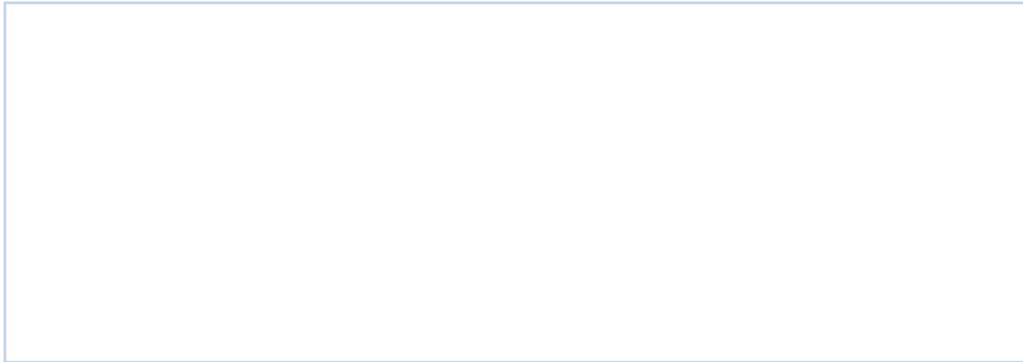
1C — Provide information on the cheapest and best equipment, materials and suppliers

In the current competitive market, it is important for an organisation to keep cost at the minimum without compromising the efficiency of its operation. Before purchasing decisions are made, it needs to consider information on the most economical and effective choice of equipment, materials and suppliers.

Do your research thoroughly to ensure that your advice covers all appropriate acquisition options. Once you have collected information about the organisation's resource needs, you need to present it in a clear and concise way.

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Research on appropriate acquisition options

The choices of equipment, materials and suppliers will be determined by the following factors.

Budget

All organisations have to work to a budget. There may be a monthly budget for consumable items or a five-year budget for major projects. Be aware of your organisation's budget allocations for stock and supplies so you can source and order material in the allotted price range. You might like to keep a list of the preferred price range as a handy reference when you are ordering or researching resources to be purchased.

Purchase/hire/lease

You may have to research economic acquisition options, such as hiring, outright purchase, leasing or outsourcing.

Alternatives to purchasing can save money. Some suppliers have an arrangement that allows an initial hire or lease from them before buying later at a reduced cost. Leasing equipment means that you always have the most up-to-date models. Investigate details such as the terms of lease and hire costs.

Many organisations outsource tasks. By outsourcing, the organisation saves money because they don't need to acquire materials and equipment. However, there may be higher costs associated with labour and the organisation loses direct control of the process.

When purchasing a resource, you need to take the initial outlay, insurance, maintenance costs and depreciation into account.

Storage facilities

The storage facilities an organisation needs depend on the products or services it sells. For example, cold storage is needed for perishable products. Check your organisation's storage requirements and then locate storage solutions, which may be on or off site. The location and availability of storage space may be a key factor in the information you supply.

Suppliers

To provide accurate information on costs, you need to be aware of a range of suppliers, the quality of their products and services, the reliability of delivery and their prices. An organisation may call for suppliers to submit a tender to provide goods or services. This means that suppliers have the chance to put forward a description and cost of their products and services so the organisation can choose a supplier that meets its requirements.

Availability

The availability of resources is a significant factor when supplying information. Some products have a short lead-time, which means they can be quickly supplied. Others have a long lead-time, which means that the waiting period may be many months. Make sure you check the urgency of the resource need against its availability.

Warranty

A resource's warranty conditions can be a key factor in an organisation deciding to purchase that resource. Some suppliers may offer an extended warranty on their products for an upfront fee. Be aware of the conditions the warranty operates under. For example, the equipment may have to be used in a certain way and may need to be serviced by a recommended service provider.

Running costs

You will need to know how much the resources cost to run; for example, a photocopier that has a power-save facility will reduce your business's power bills. You may have to find information about more complex arrangements, such as telephone or internet plans. The research you do comparing running costs will enable your organisation to make the most economical choice.

Example: purchasing, hiring or leasing decision

Mona works for a small research and consulting firm that has decided to hire out one of its rooms as a training facility.

The room seats 20 people. The existing furniture consists of tables and chairs. Mona's manager has asked her to investigate whether it is more economical to purchase equipment to furnish the room or to hire it as it is needed. She tells Mona that the equipment required could include an electronic whiteboard, overhead projector, projector screen, television, DVD player and videoconferencing system.

Mona talks to her manager to confirm the budget. She collects information on the upfront costs, installation, depreciation, insurance, maintenance and upkeep that would be involved in purchasing these resources.

Mona also researches the hiring costs and their terms and conditions. She charts the likely rate of hiring per year.

For expensive items, such as the videoconferencing system, Mona also investigates the rent-to-buy option.

It seems to be a cost-effective way to get brand new equipment without investing upfront costs, and a chance to try the equipment out for 12 months to make sure it is right for the business's needs. After the 12 months, the business will have the option to buy at a reduced cost, or upgrade to the latest equipment.

Mona prepares a brief report with the advantages and disadvantages of each option to enable her manager to make an informed decision.

Present your research

The information you collect about the organisation's resource requirements may be from staff members, suppliers, catalogues, brochures, advertising material and trade journals. You need to present it to the appropriate person in a clear and concise way in accordance with your organisation's instructions or guidelines. If you are unsure about these, ask your supervisor. It may need to be submitted in a memo, email, report or verbal presentation.

When putting together this information, make sure it is accurate and complete. Make sure you have described the resource clearly and included information such as the brand, size, cost per item and total cost. Keep to the subject and include any relevant information to help your manager make the best decision. Clearly outline the purpose of your presentation, use plain English and try to avoid jargon. If you need to include special terminologies, make sure you add a glossary to explain the terms used if those reading the report will not be familiar with them.

Examples, table, charts and graphs should also be included to present detailed statistical or financial data in a way that is easy to comprehend.

Ways information may be presented
A summary with the main points highlighted and recommendations made
A full report with headings, advantages and disadvantages of each option, a comprehensive list of suppliers and costs, accompanying tables and charts
A table that compares quotes, costs, time lines for delivery and other factors
A brief list with bulleted points of current and future resource requirements, potential suppliers, recommendations and quotes

Tips for presenting information

Here are some tips for presenting information well:

- Use plain English.
- Clearly state the purpose of your report.
- Consider the audience and what they need to know.
- Decide what information needs to be included.
- Present the information precisely.
- Keep to the subject, compare similar facts, have a logical sequence and present a clear summary.

Practice task 3

Look at this table, which shows three products offered by three suppliers, then answer the questions.

Product: Ergonomic chair	Supplier 1: OfficeWorld	Supplier 2: Fab Furniture	Supplier 3: Comfort
Brand	Executive	Boardroom	SuperSave
Model	TSF/201	2001–93	RS90
Price	$280.00	$260.00	$155.00
Features	Adjustable seat Metal base Adjustable arms	Fabric covering Mahogany finish Padded wood	Mesh fabric Adjustable arms Plastic base
Other	Fully assembled	Fully assembled	Assembly required
Availability	10 days from order	2 weeks from order	Immediate delivery
Extras	Delivery included 2 year guarantee	$30 delivery 1 year guarantee	$20 delivery

1. Assume that you need to buy 20 chairs. Work out how much each option would cost, including delivery.

2. You have been told that the chairs need to be fully adjustable. Your manager wants the chairs delivered in the next two weeks. Your budget is $5,500. Which supplier would you recommend?

3. If your recommended supplier's price was higher than the allocated budget, how would you justify your recommendation?

4. What information must be included when presenting information about resources?

1D Identify resource shortages and their possible effect on operations

An organisation should always have sufficient resources to run smoothly and efficiently. It can achieve this by keeping track of the resources on hand, ordering new stock when appropriate and monitoring stock usage. Shortages of resources will reduce the organisation's capacity to achieve its goals.

Most organisations use stocktaking to determine the levels of stock on hand and to identify future stock needs. For example, stationery may be required for a large mail-out, promotional materials may be needed for a trade fair or a computer may be required for a new staff member.

Running short of resources can have a serious effect on an organisation. If delays or other evidence of poor performance become evident to clients, they could lose confidence in the organisation. The organisation could suffer serious financial loss.

To avoid resource shortages, you should:

- record stock accurately by using stock cards
- use staff meetings to talk about resource requirements
- identify substitute resources when the normal supplier cannot deliver
- look at equipment maintenance records and find out whether maintenance is carried out and whether the service provider is reliable.

Examples: consequences of resource shortages

Here are some examples of resource shortages.

1. A trainer has been booked for a Saturday session. The overhead projector globe blows and there is no spare. The trainer is using overhead transparencies so the projector is essential. Valuable time is wasted as a new globe is sought. The trainer has to cut her presentation short to ensure the session finishes on time.

2. The company directors are making a presentation. Senior staff have flown in from interstate for the day. The presentation is in PowerPoint, but no-one has arranged for the hire of a data projector. So, everyone ends up crowded around the laptop computer to view the presentation.

3. A tender document is to be lodged by 2.00 pm and must include coloured graphs and illustrations. The colour copier is out of toner and there is none in stock. The tender deadline is missed and so is the opportunity to win a new contract.

Example: insufficient order of new stocks

Branko works for an organisation that sells industrial sewing machines. Part of his role is to prepare information for trade fairs where the machines are exhibited and to order the stock to fulfil client orders.

Branko spends a lot of time preparing for a trade show. He orders promotional material to be printed and has copies of the price list updated and reprinted. The costs of the trade show registration fee and the printing are high, but the potential for increased sales is expected to be worth it.

The show is a big success and many orders flood into Branko's organisation. However, he forgot to order new stock and so clients are forced to wait up to four months for delivery. This delay annoys some clients who chose to order machines elsewhere.

v1303

Practice task 4

Read the scenario, then answer the questions that follow.

Scenario

It is your responsibility to have the right resources available for an upcoming training session where catering is provided. You use a resource checklist to make sure you will have everything ready on time.

Event	Resources
Training session on Saturday 22 October 2016 **25 attendees** **8.00 am to 4.00 pm, 45 minute lunch break at 1.00 pm**	❑ Overhead projector: check globe, clean glass ❑ Room: arrange chairs and tables ❑ Supplies: butchers paper, felt pens, company notepads on each table ❑ Catering: confirm order with caterer and time for serving ❑ Check if any special requirements for the attendees

1. List some consequences of not checking the personal requirements of the attendees before the training session.

... continued

2. What would you do if the catering company called on Friday 21 October to say they were unable to provide catering? What actions could you take to solve the problem?

Summary

1. Business resources are the stock, facilities, equipment and staff an organisation needs to fulfil its business aims.

2. An organisation calculates its resource needs according to its specific requirements.

3. An organisation needs to estimate its current and future resource requirements in order to operate competitively in its industry.

4. Periodic and perpetual stock accounting systems record levels of stock available and used.

5. First in, first out (FIFO); last in, first out (LIFO); and average cost are techniques for valuing inventories.

6. Information on purchasing resources needs to be based on the most economical and effective choices of equipment, materials and suppliers.

7. Advice given about the purchasing of resources needs to be clear, concise and relevant to achieve organisational requirements.

8. When presenting advice about resources, make sure it is accurate, sufficient and written in plain English.

9. Preventing stock shortages ensures the smooth running of an organisation.

Learning checkpoint 1
Advise on resource requirements

This learning checkpoint allows you to review your skills and knowledge with respect to advising on resource requirements.

Part A

1. List five categories of business resources. For each category, give three examples of that resource type that are used by your workplace or an organisation you have researched. For example, raw materials are a category of resource and the organisation uses concrete.

Business resource category	Three examples of this resource
1.	
2.	
3.	
4.	
5.	

2. Using the organisation where you work or one you have researched, list as many consumable and fixed assets as you can in the table provided below.

Consumable assets	Fixed assets

3. In this topic, you learnt about three ways to value stock. Write a paragraph explaining each valuation method in your own words.

4. You are in control of a perpetual stock control system in a musical instrument shop. You have just received a delivery of classical guitars. The product is new and you have to make up a new stock card.

Make the following entries in the stock card.

- On 10 February 2016 you received 20 guitars. The item name is Mahogany Standard Series and the stock number is L-03. Their cost price is $1,098.
- On 15 February 2016, you sell two units.
- On 26 February 2016, you sell five units.
- On 15 March 2016, you sell 10 units.
- On 17 March 2016, you receive another order of 25 units of stock number L-03.

Stock card									
Item:									
Stock no:									
Date	**In**			**Out**			**Balance**		
	Unit	$ per unit	Total ($)	Unit	$ per unit	Total ($)	Total units	Unit cost ($)	Total cost ($)

5. List the advantages of the perpetual stock control system over the periodic system.

6. List the disadvantages of the perpetual system compared with the periodic system.

Part B

Read the case study, then answer the questions that follow.

> **Case study**
>
> Frank works in a shop that sells health products. The manager usually buys two boxes of muesli and four boxes of health food bars per week. Frank has been looking at their perpetual stocktaking system and notices that one brand of muesli sells very well, but is often out of stock. He also notices that one brand of health food bar has been in stock for a while but has not sold well. There are 20 boxes on hand and the older stock is approaching its 'best before' date.

1. What information would Frank need to find before advising his manager about future purchase requirements?

2. Write a report to Frank's manager outlining the advice you would give. Make sure that your report is:

    *   accurate
    *   brief and to the point
    *   clear and in plain English.

3. Explain the different ways in which the report could be presented to Frank's manager.

Part C

1. Choose a resource that organisations commonly require; for example, printer toner. Find out as much information as you can from three suppliers of this resource. Identify the brand and who supplies it. Then find out what suppliers offer, including:

   • whether they stock different brands

   • the price differences between suppliers

   • delivery differences

   • any special offers.

   Use the following table to present your work.

Product	Supplier 1	Supplier 2	Supplier 3
Brand			
Price			

Delivery			
Special offers			

2. Describe four ways to reduce resource shortages in the workplace.

Part D

Read the scenario, then answer the questions that follow.

Scenario

You work for a large organisation that needs to purchase desktop copiers for three departments with different requirements.

Look at the following comparison of three products from three suppliers.

continued ...

... continued

Scenario			

Product: Desktop copier	Supplier 1: OfficeWorld	Supplier 2: Techno	Supplier 3: Total Supplies
Model	MP360	MP370	MP380
Price	$950	$1,250	$1,500
Features	Copy, print, scan functions	Copy, print, scan functions Camera and card printing	Copy, print, scan functions Camera and card printing Fax modem
Other	Hi-speed	Hi-speed	Hi-speed
Availability	2 weeks from order	1 month from order	Immediate delivery
Extras	$30 delivery Two-year guarantee	$30 delivery One-year guarantee	$30 delivery One-year guarantee Free six-month service

1. Department A has a budget of $4,000. They want four printers and at least one that can print directly from a camera. Which copier best suits their needs and what would the cost be?

2. Department B has a budget of $6,000. They want three copiers. One needs to print from a camera and two need to have a fax modem. Which copier best suits their needs and what would be the cost?

3. Department C has a budget of $1,000. They want one copier with a fax modem. Which copier best suits their needs and how much would it cost?

4. After working out the above, you are told to combine the budgets and divide the money equally between the three departments.

   a) Work out your overall budget.

   b) Work out how much it would cost to provide the most suitable copiers to each department.

   c) Work out whether the budget balances, is in surplus or is in deficit.

Topic 2
Monitor resource usage and maintenance

An organisation's resources must be monitored and maintained with due regard for organisational and legal requirements. For example, resource handling must be in accordance with workplace health and safety standards to prevent workplace injury, disease or death.

Organisations develop policies to control resource purchasing and use. They use business technology to monitor and identify the best ways to use their resources. Individuals and teams are consulted to decide on the appropriate allocation of resources. This information is then used to assist in the development of future budget plans.

In this topic you will learn how to:

2A   Handle resources safely

2B   Use business technology to monitor resource use

2C   Consult with individuals and teams to allocate resources

2D   Follow organisational policies for resource use

2E   Monitor resource usage

2A Handle resources safely

When you are handling or monitoring resources, all assets and equipment must be used correctly and safely in accordance with workplace health and safety (WHS) requirements. WHS legislation and procedures are about preventing workplace disease, injury and death.

Employers and employees have rights and responsibilities regarding workplace health and safety. You need to be aware of what your obligations are and ensure you carry these out while in the workplace.

WHS responsibilities

Employers have a duty of care towards their employees, which arises from WHS legislation. This means that they have a legal duty to identify possible causes of injury and illness and plan to prevent them. For example, employers are responsible for maintaining equipment to a high standard and supplying personal protective equipment (PPE) to employees when necessary.

If you manually handle resources, you may be offered training in the correct procedures to enable you to remain safe and injury free. The training you receive will be relevant to the resources you handle, but may include how to lift heavy items or store chemicals.

If a WHS incident occurs, the details must be recorded in an incident report.

Some WHS requirements in the working environment are outlined below.

Reporting requirements

All organisations have processes in place to report accidents, incidents, maintenance requests or breakdowns. You may have to fill out a report form and inform another member of staff whose role it is to register any WHS matter. Always be aware of the processes in place in your workplace to report a WHS incident.

Accessing areas and sites

Many workplaces have defined areas that only certain workers can access. Organisations that restrict access to an area for safety reasons need to display warning signs to make it clear to employees why there are restrictions. This may include loading zones where machinery routinely operates.

Using equipment

Whatever your role, you will be required to operate some kind of equipment at work and you will need to do this safely. This may vary from using the correct posture when working at a computer in an office, to operating heavy machinery in a factory. Some organisations allow only trained or supervised staff to operate certain equipment. If you have to use equipment, be aware of all the risks associated with it.

All equipment used in the workplace should be regularly maintained. You should familiarise yourself with your workplace policies and procedures for maintenance.

Making decisions

The person or group in the organisation that has the authority to purchase resources and plan the schedule for maintaining equipment must consider the WHS implications of their decisions. For example, the maintenance schedule will need to be set up so that equipment is checked and serviced at regular intervals to ensure it is safe for staff to use.

Decision-makers also collect information to identify and eliminate WHS hazards and risks. A hazard is something with the potential to cause injury or disease. A risk is the likelihood of the hazard resulting in injury or disease. For example, storing chemicals is a hazard. The risk is the likelihood of a chemical spill occurring and injuring people. The likelihood will vary from low risk to high risk, depending on the circumstances.

Example: WHS incident

Sandra works in a factory that processes food. The factory's metal machinery has to be cleaned with powerful cleaning fluid that is kept in a locked storeroom. Employees must wear protective clothing and dilute the cleaner before using it. Instructions for handling the cleaner are displayed on the storeroom door and the supervisor always reminds employees of the risks when they request the key.

After working a long shift, Sandra wants to clean the machinery on her station quickly so she can get home. She finds the storeroom door open, grabs the cleaner and starts cleaning without putting on her gloves, apron or goggles.

Sandra's face and arms start to burn but she ignores it and applies more cleaner. By the time she finishes cleaning her station, her condition is much worse and she tells her supervisor what has happened. He administers first aid before taking her to hospital.

Example: incident report

Incident: A staff member suffers a serious back injury from lifting heavy items.

Sam Goodall was storing new stock in the warehouse by manually lifting 25 kg boxes onto a series of shelves at floor, waist and head height.

Outcome: WorkCover inspector to visit the site and write a report. A fine may be issued.

Sam Goodall is unable to work and is receiving WorkCover payments.

WHS delegation recommendations:

- Purchase trolleys for the warehouse floor to move heavy items.

- Purchase an electronic lifting device to store goods above shoulder height.

- If boxes weigh in excess of 20 kg, have employees lift them in pairs.

- Retrain employees in safe lifting techniques.

Practice task 5

Basing your answers on your workplace's WHS processes or those of a workplace you have researched, answer the following questions.

1. Explain what it means for an employer to have a duty of care.

2. If you suffered an injury at work, how and when would the incident be reported?

3. What kind of information is required when reporting an incident?

... continued

Practice task 5

4. Who in your workplace can make a WHS incident report?

5. Does your workplace have a WHS incident register and, if so, where is it kept?

6. Why do some work sites have restricted access?

... continued

2B | Use business technology to monitor resource use

All organisations use business technology to monitor resources; for example, your company might use handheld barcode scanners to do a stocktake, with the data recorded by specialised computer software. The software captures incoming and outgoing stock, and can be used to report on stock levels as needed.

Business technology can be used to monitor equipment usage, breakdowns, maintenance and repairs. It is used to record the time worked by employees and to track the use of company assets such as a company car or laptop computer. Computerised records keep track of the use of consumables or raw materials purchased by the organisation.

Sometimes resources are barcoded, enabling the organisation to track their movements. For example, your organisation may have a library where you can check books in and out using a barcode scanner.

Business technology that is useful for monitoring resource use includes computers and software applications, personal schedules and photocopiers.

It is essential for all business technology to be regularly maintained to ensure it is in good working order and safe to use. Refer to your workplace policies and procedures for the maintenance schedule. Find out what you can do to help maintain the business technology you use.

Use computers and software to monitor resources

The following technologies are widely used in business environments to monitor resources.

Spreadsheets

In the accounting world, a spreadsheet is a large sheet of paper that displays the financial position of a company. It 'spreads' (shows) all of the costs, income, taxes and other figures on a single sheet of paper for a manager to look at when making a decision. An electronic spreadsheet organises information into columns and rows. The data can then be manipulated by a formula to give a total or sum. The spreadsheet can present the information in a format to help a decision-maker see the financial big picture of an organisation.

Databases

A database is an organised body of related information. Databases organise information in such a way that a computer program can quickly select desired pieces of data. They are organised by fields, records and tables. A field is a single piece of information; for example, a customer's surname. A record is one complete set of fields; for example, a customer's name and address. A table is a collection of records; for example, every customer's name and address.

Databases allow an organisation to store, modify and extract information about customers and products. For example, a database of client details can be used to extract information about all clients who live in a certain area in order to send them targeted marketing material.

Accounting software

Accounting software processes accounting transactions such as accounts payable, accounts receivable and payroll. Accounting software holds all records about an organisation's accounting system. You don't have to be an accountant to understand the information. Accounting records are vital for auditing and taxation requirements. The complexity of the accounting software varies depending on the size of the organisation.

Modems

Modems are essential technology for organisations to communicate information about their business resources. Modems are typically used to link computers via telephone lines. Portable devices such as smartphones and laptops are linked via wi-fi (wireless connection) and the mobile phone network.

Modems convert digital signals into analog signals for transmission over a telephone line. That signal is then converted back to digital form so that a receiving computer can process it. Without a modem, an organisation cannot gain access to information transmitted by internet or email.

Example: use spreadsheets to monitor resources

The following table is extracted from an Excel spreadsheet. It shows which stock sold, and for how much, during a four-month period. Each month's figures are entered manually and the total is calculated by the spreadsheet program. This allows you to see changes in sales from month to month.

... continued

Example: use spreadsheets to monitor resources

	January	February	March	April
Stock A	3,400	3,500	3,150	3,000
Stock B	4,522	4,800	4,144	5,050
Stock C	3,088	2,445	2,778	3,050
Stock D	4,500	4,550	4,800	5,200
TOTAL $	15,510	15,295	14,872	16,300

Use personal schedules to monitor resources

Schedules are used to manage the time of an organisation's most valuable resource – its staff. Efficiently organising the time of staff increases productivity, improves profitability and enhances an organisation's efficiency. Electronic schedules may be in the form of a timetable for the entire staff or a diary for a single staff member. Staff can access timetable or diary entries using personal identification numbers. Electronic timetables and diaries can easily be altered by deleting the old information and entering the new.

Staff diaries can be linked so that free time can be identified and used to make appointment and meeting times. You need to keep your electronic diaries up-to-date to prevent double bookings.

v1309

Example: the importance of keeping diaries up-to-date

Joanne works as an assistant in a busy legal firm. She is in charge of making appointments for clients to see the eight lawyers who work in the organisation. Joanne is able to access the lawyers' electronic diaries to make the appointments.

One of the lawyers is about to go on holiday but has forgotten to add this information to her diary. Joanne has booked several clients in to see the lawyer during her leave time. When Joanne discovers the mistake, she has to contact the affected clients and reschedule their appointments.

v1305

Use photocopiers to monitor resources

No doubt you are familiar with using a photocopier to distribute information and resources. Documents such as price lists, product information and internal reports about business resources may be copied and sent to customers or stored for employee use.

However, did you know that you can also use a photocopier to monitor resource use? For example, your organisation may wish to implement an environmental policy to reduce the amount of paper used in the office. A photocopier can store information about how much paper an individual or a department is using via a password system. This data can be used to inform forecasts and estimates, and to encourage effective use of paper in the organisation.

Photocopiers require regular maintenance to ensure they are kept in good working order.

Other methods to monitor resources

Here are some of the other methods for monitoring resources that you may encounter.

Register of use

Any business resource frequently used by employees needs to have a register of use. For example, a company car needs to have a logbook and if you take the car for a business trip you may need to log in the number of kilometres you travel.

Assets register

An assets register is a list of resources owned by an organisation. The register identifies the asset and the date of acquisition and allocates a unique identifying number to the asset. When assets are sold or are no longer useable, they are removed from the assets register.

Resource allocation

In organisations, there are usually several departments and each department is allocated a budget for resources depending on its needs. These could be general office supplies such as paper and printer toner, PPE such as disposable gloves and aprons, or equipment such as vehicles and mobile phones.

You need to be aware of your organisation's procedures for allocating resources. For example, requisition forms may need to be submitted before items can be purchased. You may have to access information from a database or manual records to find out how resources are allocated.

Practice task 6

1. State whether each of the following statements are true or false:

    a) Accounting software is used to find information about timetables.

    b) Accounting software is used to provide auditing information.

    c) Accounting software is used to keep track of accounts payable and receivable.

    d) Only accountants can use accounting software.

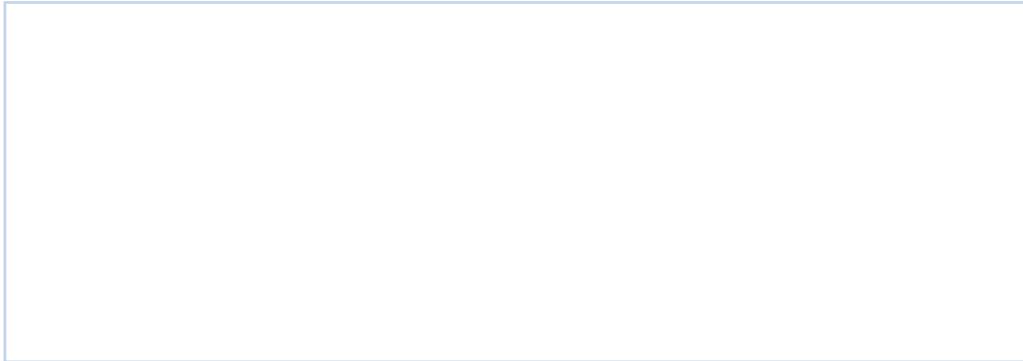   e) Accounting software monitors financial details about resources.

2. What must staff do for electronic diaries to be a useful tool?

... continued

Practice task 6

3. What advantages do electronic timetables and diaries have over paper-based ones?

... continued

2C Consult with individuals and teams to allocate resources

Organisations need to understand the needs of their clients and employees before they are able to allocate resources effectively. To get a good understanding of these needs, an organisation may perform a resource needs analysis. A resource needs analysis means talking to individuals and teams to ascertain their resource requirements.

Employees should feel that their needs are being considered and budgeted for. For example, if a team identifies that it needs a new computer and this information is recorded but the resource does not arrive, the team will feel that management is not considering their interests.

Information can be collected through interviews or questionnaires. The resource needs analysis can also draw on data from past consumption to add to the overall picture. The information gathered needs to be used to help effective decision-making on the appropriate allocation of resources.

Effective decision-making means negotiating with others, resolving conflicts and treating everyone fairly and equally.

Negotiation

To negotiate is to confer with others to reach an agreement; for example, you may need to consult and negotiate with individuals and teams to reach an agreement about resource allocation. Your team members may believe they need resources that have not been budgeted for and are, therefore, unlikely to be purchased. Negotiation may need to take place between the team and management so an agreement can be reached. The team may negotiate on what resources they absolutely need and those that can wait until more budget money is available. Negotiation involves compromise.

Example: negotiating and resolving issues

Molly works for a large government department. Once a year she visits all sections of the department to talk to the team members. She makes a list of all the resources they would like to have allocated. One team has to travel frequently to the outer suburbs and they put in a request for the use of a car.

There are no cars available for the team's use and a new car would have to be purchased. The cost of a vehicle is outside the team's budget. The team want Molly to find the money for a car as they waste too much time waiting for public transport.

Molly explains that she understands their problem; she also explains the realities of the budget. She negotiates with the team and they come up with an alternative: allowing the team a certain number of taxi vouchers. Molly also helps the team to work out a long-term plan for acquiring a car.

v1304

Conflict resolution

Conflict resolution is the process of resolving a dispute or conflict. Employees can often find themselves in conflict situations. Everyone involved in the conflict needs to have their issues adequately addressed and the outcome needs to be acceptable to everyone. Sometimes organisations use a mediator to help the people involved in the dispute find a solution. Individuals or teams may think that they have a great need for a particular resource and when negotiation for the resource fails, a conflict situation may arise.

Listening to the points of view of the people involved

Understanding what the conflict is about

Considering as many solutions as possible to propose to those involved in the conflict

CONFLICT RESOLUTION

Choosing a solution

Actioning the solution

Monitoring the situation and finding out whether the solution worked

Treat everyone fairly

Equity principles are about making sure all employees are treated fairly and justly. All staff are entitled to the same standard of equipment; for example, all employees who need protective clothing should be provided with clothing in good condition. If resources are shared unfairly, employees may feel undervalued or may be in danger in the workplace.

You must ensure people are not discriminated against. This may mean ensuring equal access to buildings for people with disabilities. It may mean purchasing different business resources for people with vision or hearing impairments. Treating everyone in an equal and fair manner also means being sensitive to gender, cultural and religious considerations.

Example: unfair treatment of staff

TALK is an organisation that sells mobile phones. It has two offices. One is a shopfront for customer sales and the other is an office for employees only. The shopfront store has recently been refurbished and has an updated kitchen, new ergonomic furniture and state-of-the-art computers and monitors. The shopfront also has a new colour printer.

The back office has an old, under-equipped kitchen, old office furniture and IT equipment purchased six years previously. As there is only a black and white printer, when administration staff need to use colour printing, they have to make a call and wait until someone from customer sales has time to do it.

The staff in the back office are unhappy about their working conditions as they feel they are not being treated equally. Two valuable employees have recently resigned. The staff in the shopfront get annoyed by constant requests for colour copying when they are busy with customers. They tend to view the back office staff as 'complainers' and relations between the two teams aren't always good.

Practice task 7

Develop your own conflict-resolution process using the following guidelines:

1. Think of a conflict situation relating to resource allocation that could arise in a workplace. Use a real example if you like.

   – What is the conflict about?

   – Why did it occur?

   – Who did it involve?

2. Jot down as many solutions as you can to the problem; for example, buying a resource or offering a team member counselling.

3. Choose the solution that you think will be the most effective. Describe how you would go about putting the solution into action.

4. Describe how you would find out whether the solution had been successful.

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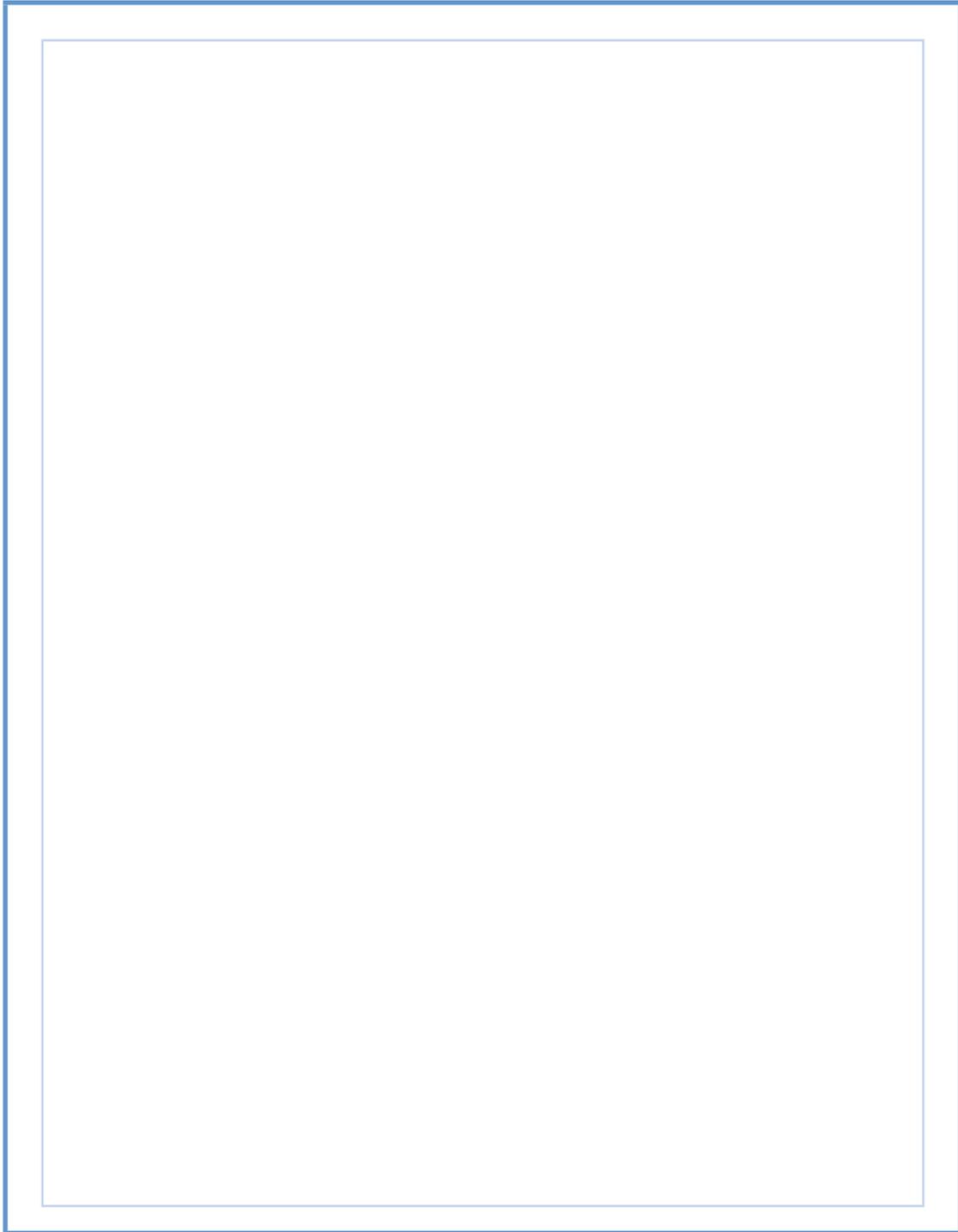
2D Follow organisational policies for resource use

Organisations usually have written policies regarding resource use. These can be found on the intranet or in hard copy in a policies manual. Organisations may also have unwritten policies relating to the use of resources. For example, everyone may know that they need to get the stationery cupboard key from the receptionist but this information is not written in the staff manual.

It is important to know your organisation's policies regarding resource use so that you can access the resources you need to do your job, and use them efficiently and safely.

Organisational policies for resource use

Policies for resource use may include information on time management, transport and travel, budget limits, ordering procedures, purchasing authorities, recruitment and personnel.

Time management

If your organisation has many resources available to its employees, each with multiple users, then you will see why it is important to have a procedure in place for controlling the time an individual can have use of a particular resource. For example, imagine if your local library did not have time restrictions on book loans – one person could keep a popular book for a year, meaning no-one else could access it.

Resources are usually needed at a certain time so you need good time-management skills to manage the ordering and re-stocking process.

Transport and travel

Most organisations need to organise travel for their employees at some time. Policies should be written to make travel arrangements, such as hiring a car or booking a flight, easy. An organisation may have a preferred travel agent or airline. You may need to use a company credit card to pay for travel services. An organisation's transport policy may also indicate which dealership to buy vehicles from or where to have vehicles serviced.

Budget limits, order procedures and purchase authorities

A business's budget is a financial plan for making and spending money. All organisations have to work to a budget and policies are needed to prevent overspending. There may be a policy that a certain amount of money cannot be exceeded for consumable resources each month. Make sure you are aware of any resource budgets.

You need to consider your budget before making purchasing decisions. You may need to seek approval from your manager before you can order a resource because of budgetary considerations. Usually a purchase order form needs to be completed and submitted to the person who has the authority to approve it. You may be allowed to make purchases under a certain limit but when the purchase exceeds that limit, you need to seek approval from your supervisor or manager.

Recruitment and personnel

In many organisations, human resource officers are authorised to recruit personnel. They work with department supervisors to find out what staff are needed for upcoming projects or work plans.

Organisational policies for recruiting staff vary, but all will state that applicants must be recruited based on their abilities. Recruiters must not discriminate against anyone on the grounds of ethnicity, disability, age, religion, gender or sexuality.

Acquisition policies, plans and procedures

Acquisition policies, plans and procedures define and list the way an organisation is expected to carry out its purchasing processes. Policies set the framework and ensure that the business complies with state and federal legislation. Policies also instruct employees on aspects such as sustainable purchasing expectations. Plans and procedures give details and guidelines on how the policies are to be implemented.

Budgets are developed and managed to control and allocate spending. They also have policies and procedures associated with them so that the organisation can control income and expenditure.

Policies, plans and procedures are kept digitally, most often on the business's intranet. This is particularly common in larger organisations. Smaller businesses may have the documents in a filing system or an internal computer server. If you are not sure where the purchasing documents are located, you should ask your supervisor. It is important that you know where these items are kept and you need to be familiar with their content and intent.

Example: sustainable purchasing commitments

Eco-sense Builders is a domestic building company with a commitment to sustainable building practices such as reusing and recycling materials, minimising waste and using sustainable products. This vision is reflected in their new purchasing policy, which has the following goals:

- Clearly stating and delegating sustainability responsibilities for all employees with respect to purchasing activities
- Providing an adequate, responsible financial budget model for sustainable purchasing of goods and services
- Providing a transparent process that manages and balances risks with operational priorities and activities
- Establishing measurable objectives and targets to manage sustainable purchasing practices
- Ensuring that all purchasing activities meet social, economic and environmental aspects (triple bottom line)
- Encouraging suppliers to embrace sustainable products
- Communicating appropriate sustainability information to stakeholders

Australian consumer law

Standard consumer legislation – Australian consumer law (ACL) – was introduced for all businesses in Australia on 1 January 2011. This means that every organisation and all consumers now have the same rights and responsibilities regardless of where the business is based in Australia.

This law sets out a number of important requirements for vendors of goods and services. It is also important for purchasers of goods and services to understand their rights.

Here are some of the main features of ACL.

False statements

It is illegal to make false, misleading or deceptive statements about goods or services.

Treatment of other businesses

Businesses are required to treat other businesses in a professional and conscionable manner.

Transactions covered

Under ACL, purchases to the value of $40,000 are guaranteed to be safe, appropriate for purpose, free of damage, have an acceptable appearance and match samples or demonstrator items. These guarantees also apply to motor vehicles purchased to transport goods on public roads.

(Purchases outside these limitations are covered by other Australian laws and by legal arrangements such as contracts. Businesses will seek advice from an accountant or lawyer in these matters.)

Legal rights of consumers

The legal rights of consumers will be upheld and businesses are obliged to ensure that this happens.

Contracts and guarantees

Businesses may not include unfair terms in their contracts, are obliged to honour guarantees that they have offered at the time of sale, and have to comply with all Australian sales legislation that applies to their type of business.

Practice task 8

Read the case study, then answer the questions that follow.

Case study

Rajesh works as a salesperson. He needs to send a large customer mail-out in five days' time but there is not enough stationery in stock. He fills out a requisition form, has it signed by his manager and gives it to the receptionist.

Rajesh receives a call from an important client who wants to see him straight away. So he grabs the keys to the company car and rushes out the door.

The receptionist processes the stationery order. Rajesh has not added a date for when he needs it by, so the receptionist assumes it is not urgent. She adds it to their regular stationery order, meaning it won't be filled for another week.

Another salesperson has an important meeting and has booked the company car. However, when she goes to get the car she finds that Rajesh has taken it. She has to call a taxi, which takes 15 minutes to arrive.

1. What time-management problems has Rajesh created by the way he used his company's resources?

2. What do you think would be the outcome of Rajesh's actions?

3. Why is time management important when ordering resources?

2E Monitor resource usage

Resources need to be monitored to prevent theft or misuse. For example, if stationery supplies are not controlled and monitored, people may use them more for personal than work use.

Resources also need to be monitored to keep track of consumption and prevent shortages. Monitoring processes when perishable resources enter and exit an organisation may prevent spoilage.

When planning budgets, managers use information from resource monitoring such as data from an inventory system. This information is used to order stock for the upcoming year.

There are a number of ways to monitor the use of resources that can be used when planning budgets.

Ways to monitor the use of resources
• Using an inventory system
• Analysing advice prepared about the resource needs of an organisation
• Using business technology to monitor equipment usage, breakdowns, maintenance and repairs
• Consulting with individuals and teams about their resource use and needs
• Developing policies that outline acceptable levels of resource use and preferred suppliers

Practice task 9

Read the case study, then answer the questions that follow.

Case study

Life Food is a shop that stocks gourmet food and homewares. The manager does not have an inventory system and orders the same amount of stock each month. This is causing problems – expensive perishables are being thrown away and fast-moving homewares items are running out early in the month.

It is hard for the manager to determine which stock is sold and which is stolen. The manager's budget is worked out using the cost of the resources he orders monthly rather than the actual needs of customers. This budgeting system usually means that too much is spent on some resources and not enough on others.

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1. What problems are faced by the store because the manager does not monitor resources?

2. What would be the best way for Life Food to work out a budget?

3. Why do organisations need to monitor the resources they use?

4. Why do you think budgets are developed and planned using information from resource usage?

… continued

Summary

1. All handling of resources must be done correctly and safely in accordance with workplace health and safety requirements.

2. All organisations use business technology to monitor resource use.

3. Business technology includes computers, software, personal schedules, modems and photocopiers.

4. Organisations need to understand the needs of their clients and employees before they are able to allocate resources effectively.

5. Effective decision-making includes negotiation, conflict resolution and the consideration of equity principles.

6. Policies regarding resource use are developed and used for ordering, transport, budgeting and recruitment.

7. Information needs to be collected about resource use to assist in developing future budget plans.

Learning checkpoint 2
Monitor resource usage and maintenance

This learning checkpoint allows you to review your skills and knowledge in monitoring resource usage and maintenance.

Part A

1. Workplace health and safety is about preventing death, disease and injury caused by workplace incidents. Choose a resource used by the organisation you work for or one you have researched. In half an A4 page, describe how that resource should be handled to prevent death, disease or injury.
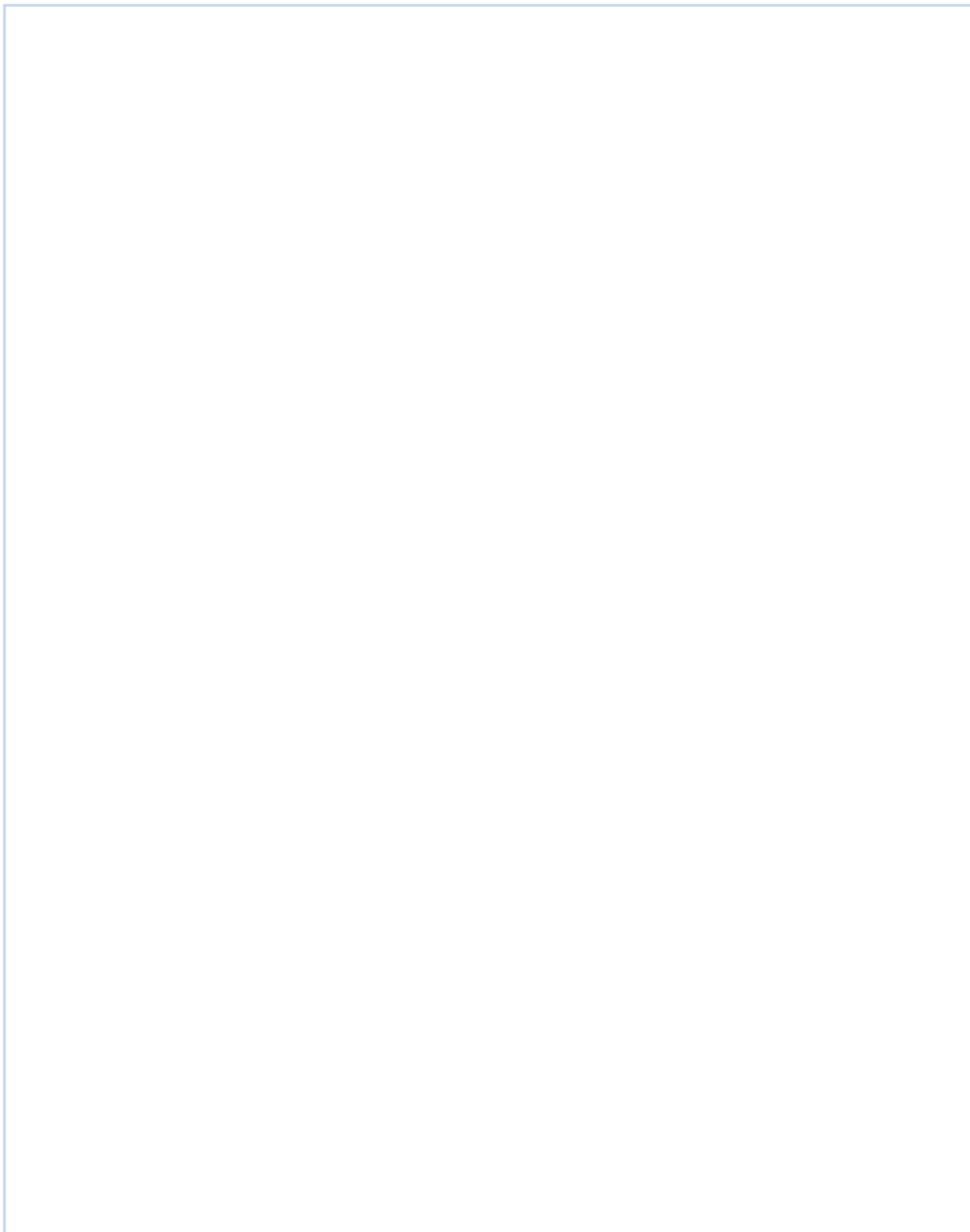
2. Access the website of an Australian WHS authority. Find out as much information as possible about making your workplace safer with regard to using a particular type or piece of equipment. In half an A4 page, describe what you found in your website research.

Part B

Read the case study, then complete the tasks that follow.

Case study

Joan works in a small business that sells paper party products such as napkins, tablecloths and cups. Joan's role involves monitoring stock, reordering and communicating with customers. Business technology is essential to enable Joan to operate.

One day, Joan checks the stock by using inventory software. She finds that paper napkins are low. She emails the supplier to order more. Joan then enters sales figures for the week on a spreadsheet and adds up the new monthly figures.

A new shipment of stock has just arrived and Joan wants to contact all of the business's corporate customers. She uses a database to find the details of these customers and send them information about the new products. Joan accesses the business's customised accounting software and prints out an accounts receivable listing to find out which accounts haven't been paid.

1. List all the business technology used by Joan.

2. Explain how business technology helps to monitor resource usage.

3. List the basic business technologies that are essential for most organisations to operate.

Part C

Read the case study, then complete the tasks that follow.

Case study

TalkTek is a call centre that offers customers information on products and services. Employees answer customer enquiries and send them information via email and post.

TalkTek has one photocopier and it is used by everyone to duplicate information to post to clients. There are two teams, team A and team B, and the photocopier is located close to team A. Team B members are complaining that they don't have enough access to the photocopier and that team A uses it all day.

The matter finally comes to a head when a member of team B collects team A's copying and throws it in the bin. A verbal fight takes place between the two teams and no customer enquiries are handled for two hours.

1. Explain the problem with the location and use of the photocopier.

2. Imagine that you are a mediator brought into TalkTek to resolve this conflict. Describe the steps you would take to resolve the conflict.

3. Describe how you think this conflict could have been avoided.

4. Explain why consulting with individuals and teams about resources is necessary to avoid workplace problems or conflict.

Part D

Read the following hazardous materials policy, then answer the questions that follow.

Case study: hazardous materials policy

- The work health and safety officer coordinates and monitors the hazardous waste program.
- Waste must be disposed of by an accredited and certified commercial disposal company. The WHS officer is responsible for checking that the company's credentials are valid and recording this in the quarterly WHS summary report.
- Managers and supervisors are responsible for organising hazardous waste disposal in their departments.
- All hazardous waste scheduled for disposal must be stored in a safe, suitable location in a laboratory or other approved storage site pending pick-up by the disposal company. Maximum storage time is six months.
- All materials designated for disposal must be properly labelled as waste and packaged in containers suited to the type of waste. The containers must be tightly sealed and in good condition.
- Hazardous waste of different types must not be mixed in the same container. When several containers are packed inside a box, each container must be properly labelled and the box must have a list of the contents on the outside.

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1. According to this policy, what is the maximum storage time for hazardous waste?

2. How should waste be prepared for disposal?

3. What is the work health and safety officer responsible for?

4. Why do organisations develop policies regarding the use of resources?

Part E

Read the case study, then answer the questions that follow.

Case study

Costa is the office manager of a large organisation. Every six months he has to submit a budget plan for consumables used by employees. Consumables include stationery, kitchen supplies and ink cartridges.

Costa finds it hard to estimate a budget and often does not have sufficient money to pay for everything staff need. He also recently discovered a theft problem: stationery is kept on a bookshelf and large amounts have gone missing in the past two months.

1. How could Costa monitor the use of resources?

2. How could Costa minimise the theft of resources?

3. What information could Costa use to more effectively estimate a six-month budget plan?

4. Why does resource usage need to stay within budget?

Topic 3
Acquire resources

Once an organisation has decided to acquire resources, it has to decide how to purchase and store them. All organisations have requirements about acquiring and storing resources. You need to familiarise yourself with how your organisation operates.

Resources need to be acquired in a cost-effective manner. This means carrying out research to find out which suppliers offer the most appropriate products or services at the best price. Resources should be acquired according to business time lines to prevent shortages. It may be your responsibility to make sure goods are ordered and arrive on time.

The processes for acquiring resources need to be reviewed so that organisations can identify areas of weakness and develop plans for improvement.

In this topic you will learn how to:

3A   Acquire and store cost-effective resources to meet organisational needs

3B   Acquire resources according to required time lines

3C   Review resource acquisition processes

3A Acquire and store cost-effective resources to meet organisational needs

Once a resource need has been identified, you need to work according to organisational guidelines in terms of budget and time lines to acquire the resource. It is important to ensure the acquisition and storage of resources is cost effective and consistent with your organisation's requirements and operational time frames.

Acquire cost-effective resources

Resources need to fit requirements and be purchased in a cost-effective manner. However, cheaper is not necessarily better. Resources bought cheaply are not a good buy if the organisation can't benefit from them. For example, buying a large quantity of batteries that are about to reach their use-by date is not a cost-effective purchase. You need to use your judgment on a purchase-by-purchase basis.

Cost-effective ways of acquiring resources include the following.

Bulk purchasing

Bulk purchasing means buying a large quantity of the same item. Buying in bulk reduces the cost per unit and can reduce how much you pay for supplies and products in the long run. However, it can have drawbacks: upfront expenditure, potential for spoilage, storage requirements and wastage (if buying more than you need) must all be factored in to the purchase.

Organisations use bulk purchasing when their periodic forecasts have shown that they need large amounts of a resource.

Discounts

There are other ways to find discounts apart from bulk purchasing. Suppliers who are contracted to provide products or services to an organisation often reduce the overall cost in order to secure the contract. For example, a company looking to supply office consumables to a large government department may offer a discounted price as the contract will be worth a lot of money.

Some suppliers offer a discount to new customers if purchases are made within a certain time frame. If you are responsible for purchasing resources, make sure that you are aware of discount options before buying.

Sometimes the resource requirements of an organisation coincide with a sale. Sales are a good opportunity for an organisation to save money. Planning to buy during sale times can reduce overall costs.

Prompt payment

Some suppliers encourage customers to pay bills quickly by having a prompt payment policy. This means a supplier will offer a percentage discount if a bill is paid within a certain time frame, such as seven days after receiving the invoice. This kind of prompt payment policy can offer significant savings to a large organisation.

However, the organisation needs to have the funds on hand in order to pay promptly. This is another reason why forecasting cashflow and business needs is important.
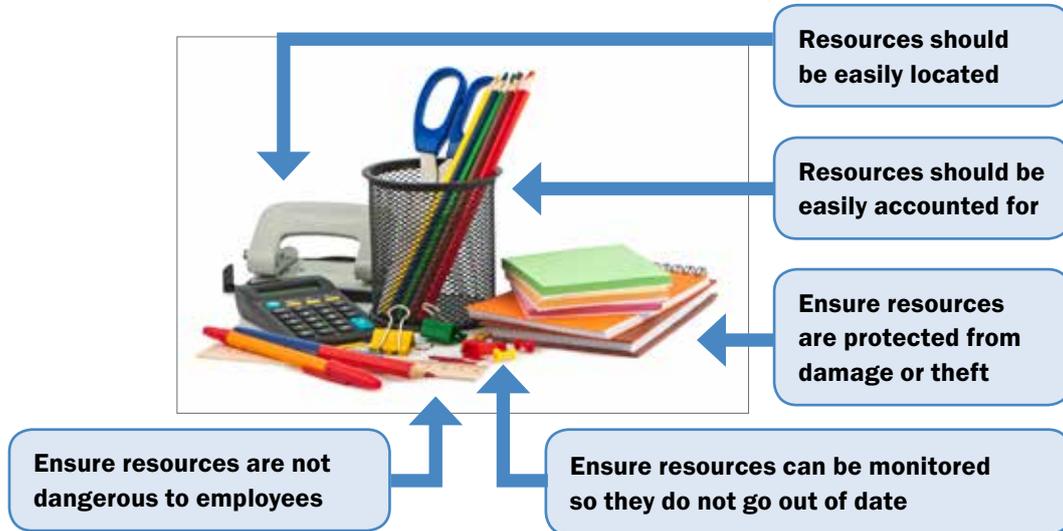
Other options

Purchasing items outright is not the only option for acquiring resources. Many companies hire or lease equipment and vehicles. This has the advantages of spreading expenditure, reducing storage and maintenance costs (items can be returned when they are no longer needed) and allowing easy updating of technology.

Buying second-hand or refurbished items is another purchasing option that can save companies money.

Store resources

For many organisations, storage is an important issue. Resources may be stored at an organisation's premises or off site. Organisations need to make decisions about appropriate storage for their resources.

Resources should be easily located

Resources should be easily accounted for

Ensure resources are protected from damage or theft

Ensure resources are not dangerous to employees

Ensure resources can be monitored so they do not go out of date

Practice task 10

1. Read the case study, then answer the questions that follow.

Case study

Alesia works as a buying officer in a large hardware store. Every month, she has to replace sold stock and order new products. She also orders general supplies for the office and staff.

This month Alesia needs to order paint and is told by the supplier that a bulk purchase discount of 10 per cent will apply if she orders a pallet of each paint type. The paint usually costs $25,000. She also has to order some outdoor furniture from a new supplier. The supplier tells her that if she orders over $10,000 worth of stock, he will give her a 10 per cent discount.

Alesia receives a bill from the power company that offers a five per cent discount if the bill is paid within seven days. The bill is for $2,500. A staff member tells Alesia that the local supermarket has a half-price sale on coffee and tea products that the staff like to drink. These supplies cost $400 to replenish quarterly.

a) If Alesia took advantage of all the special offers, how much could she save the company?

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b) What would Alesia have to consider before deciding to take advantage of the offers?

c) What is meant by acquiring cost-effective resources?

2. Read the case study, then answer the questions that follow.

Case study

Maya works as an office assistant for a company that imports fabric for upholstery and interior decor. A container of fabric is about to arrive from overseas and Maya's manager asks her to find suitable short-term storage until the fabric can be sold, as there is no room at the company's premises.

Maya calls around local warehousing companies and finds that two of them have storage room available on the arrival date. She requests details from both companies and decides to choose the cheaper option. Maya contacts the company and arranges for the stock to be collected from the docks and stored.

Two weeks later, the stock is sold and Maya's manager agrees to meet the buyer at the warehouse. When they arrive, they find that the fabric has water damage due to a leak in the warehouse roof. When the manager complains, he is told that the warehouse is not guaranteed water proof.

Maya did not tell the warehouse manager that the stock had to be kept dry when she made the arrangement. Additionally, the terms and conditions that Maya signed clearly stated that the warehouse was not suitable for perishable or delicate goods.

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a) When organising the storage space, what requirements should Maya have outlined to the warehouse owner?

b) What could be the consequences of not using appropriate storage for resources?

c) List five requirements that should be considered when storing resources.

3B Acquire resources within required time lines

The need for resources is linked to definite time lines; for example, if a certain item of stock is expected to run out by the end of the week, then the new order should arrive before that time. When to order goods or services depends on when the goods or services will be delivered. For example, it may be possible to have letterhead stationery reprinted in 24 hours, which means it only needs to be ordered a few days before it is needed. However, advertising for tenders to complete a major project, such as redesigning an office interior, may take many months.

Deal with unexpected situations

If you are responsible for acquiring resources, make sure that you are aware of when the resources are needed and how long it usually takes to acquire items. You may have to contact suppliers to find out when the products or services will be available.

Sometimes difficult timing situations arise. Goods might be out of stock at the supplier, the colour or model requested might be unavailable, or a shipment might take longer to arrive than usual due to unpredictable factors such as industrial action or severe weather. Discuss how shortages should be managed with the appropriate person in your organisation. If an item is needed urgently, you may have to order an alternative product or approach another supplier.

Practice task 11

Read the scenario, then answer the questions that follow.

Scenario

You work in the office of a department store that sells clothing, kitchenware and electrical appliances. A decision has been made to remodel the store and you have been asked to advertise for tenders. The remodelling needs to start in the next six months and must be complete ten weeks before Christmas, as this is the store's peak trading period.

You also have to order stock: clothing needed in one month, kitchenware needed in two weeks and electrical appliances needed urgently.

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1. Explain what you would do to make sure stock for the department store is delivered on time.

2. If the supplier of electrical appliances told you he was unable to deliver the stock you need for three months, what would you do?

3. You have received two tenders for the remodelling. One company is able to start in four months, but the other can't start for eight months. Which tender would you recommend to your manager?

3C Review resource acquisition processes

Continuously improving the organisation's resource acquisition processes may be an important part of your role. You may have to decide how the resources are going to be acquired and who will supply them. For example, will the organisation use a tendered or non-tendered process? Does it have a preferred supplier? You also need to know how to get internal approval for purchases; for example, your manager may have to sign a requisition form, and you may also need to estimate future needs to prevent resource shortages.

Identify opportunities for improvement

To review and improve on resource acquisition, you need to understand your organisation's resource acquisition processes, including:

1. Tender process

2. Non-tender process

3. Contract supplier ordering process

4. Periodic forecasts process

5. Internal approvals process

Tender process

The tender process is when an organisation advertises its need to access goods or services from an external source. This process is used when the organisation is making a significant financial outlay or seeking a long-term relationship with a supplier.

First, the organisation prepares a tender document. This document details the goods or services required and sets out the criteria that the tenderer must meet. For example, if a school needs a new sports building, the school board would create a tender document detailing the work to be done. The document would cover the building requirements, time lines, standards, and qualifications and experience sought.

Next, the tender is advertised and all interested parties are invited to obtain a copy of the tender document and submit their tender by a certain date. The tender is an offer to provide goods or services to an organisation. It includes details of how much the goods or services will cost, the experience or expertise the tenderer can offer, and any other information that is called for by the tender document.

The reason for using the tender process is to attract a large pool of tenderers. The tender process is also used to avoid favouritism in government dealings, as it allows any suitable company to submit a tender.

Because it is important to specify every detail of a project, organisations on both sides of the process sometimes hire a consultant known as a tender writer. A large organisation that is constantly issuing tenders or tendering for jobs may have a tender writer on staff.

Example: tender process

Gabrielle works as an office assistant. Her organisation has an idea for a new product but they want an external company to develop it for them. It is decided that the tender process will be used to find the external company.

Gabrielle designs a criteria list for the tenderers to respond to when submitting their tender. She places this information in a newspaper and waits for companies to respond. Gabrielle receives 10 applicants; four meet the requirements of her company. The four applicants are then asked to submit detailed tenders, outlining exactly what they can offer and how much it will cost. Two tenderers meet the organisation's criteria and they are asked to come in for a formal interview.

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Non-tender process

The non-tender process is when a company contacts a supplier to obtain goods or services. It is much simpler than the tender process and is used in all businesses, large and small. In fact, most business transactions are not tendered.

The non-tender process may involve asking for quotes from suppliers, or simply placing an order using a purchase order form. It is used when the financial outlay is small, there is a preferred supplier or the transaction is simple and straightforward. In contrast to the tender process, you may tell the potential suppliers your budget if applicable.

You may still need to put in some research and thought when acquiring goods or services in this way. For example, you might need to obtain pricelists, check stock levels and request samples before placing an order.

Resources purchased using the non-tender process include products that have been discounted or equipment that is leased for a short period.

Contracted supplier ordering process

Contracted supplier ordering is when one supplier is contracted to the organisation for a period to provide certain goods or services. Being a contracted supplier is a privileged position and contractors usually win the position of contractor by offering good value products or services. For example, an organisation may contract the servicing of all its equipment to a company that promises to attend the organisation within one hour when any technical problem arises.

Example: contract agreement

Here is an example of a contract agreement summary.

Contract agreement summary

This document is a plain-English summary of the agreement between Brooms and Buckets (the supplier) and Astral Pty Ltd (the client). For legal purposes and further detail, please refer to the full contract document.

From 1 July 2015, Brooms and Buckets will be responsible for supplying the following cleaning services to Astral Pty Ltd:

- Supplying two cleaners, Monday to Friday for two hours between 5.00 pm and 7.00 pm
- Cleaning carpet and furniture, emptying rubbish bins and cleaning kitchen
- Removing all kitchen and office rubbish to downstairs rubbish skip
- Removing all paper and cardboard recycling to downstairs recycling skip

These services will be supplied at Astral Pty Ltd's offices: Level 3, 200 Miller Street, West Melbourne.

Brooms and Buckets will not be responsible for any of the following:

- Cleaning toilets
- Filling or emptying dishwasher
- Washing dishes
- Cleaning refrigerator
- Cleaning up after parties
- Disposing of outsize rubbish items

Periodic forecasts process

A periodic forecast estimates what resources an organisation may need in the future. Periodic forecasts are needed to prevent shortages of materials, consumables, stock or human resources.

Periodic forecasts are based on information from stock monitoring processes such as inventories, analysing advice prepared about resources needed, and consulting with individuals and teams about their resource needs. Forecasts can also be informed by government and industry statistics, economic conditions and seasonal considerations.

Periodic forecasts allow an organisation to plan for the future. You need to be aware of your organisation's processes for periodic forecasting and ensure that these are factored into any resource acquisitions you are involved in.

Internal approvals process

Having an internal approvals process means that resource purchases need to be approved by someone in authority in the organisation. For example, you may need your manager to sign a purchase order before you can order the resource.

The internal approvals process ensures that purchases are not duplicated, reduces ordering mistakes (as a second person checks all orders) and protects companies from fraud or mismanagement.

Internal approval processes are put in place to make sure that acquisitions stay within budget and that the resources purchased are really needed by the organisation.

Review resource acquisition processes

Resource acquisition processes need to be regularly reviewed to make improvements. To review and make improvements you need to understand resource acquisition processes.

All resource acquisition processes need to be scrutinised for failure or breakdown. For example, is the tender process attracting suitable tenders? Have periodic forecasts proven accurate? Other problems that may arise include overrunning the budget and receiving unsuitable resources from suppliers.

All reviews should include feedback from employees. Employees are often the first people to know when required stock has not turned up. Customers will complain if a product does not meet their expectations or if a delivery promise has not been met. You should record problems that arise with particular suppliers. This evidence may give you justification for terminating (ending) a contract with a supplier. Once acquisition problems have been identified, new and improved processes can be considered.

To identify acquisition process improvements, you will need to evaluate the following:

- Cost analyses
- Supply contracts
- Changes in technology

Cost analysis

Cost analysis is the process that identifies an organisation's operating costs. The acquisitions made by your organisation will vary depending on the nature of the business. Costs that may need to be analysed include consumables, maintenance, insurance and contracts with suppliers.

You may need to collect information from invoices and other purchase documentation to find out your organisation's costs. These costs are then analysed to find out whether they are necessary and reasonable. Cost analysis is also used to make sure that acquired resources are within budget and to prepare estimates for budget plans.

Supply contracts

Supply contracts are established with suppliers who can deliver a product or service to meet the requirements of an organisation. A contract may be for a short term or long term. Supply contracts benefit organisations by allowing them to order resources as they are needed, without renegotiating prices for each order. Often an organisation will pay less by using supply contracts than they would pay for multiple small orders. Supply contracts mean that the quality of resources remains consistent. They also minimise delays in acquiring resources.

You may have to compare the prices your organisation pays for supply contracts with prices available from other suppliers. You may find the best supplier was not chosen for the contract, and you may have to recommend the services of another supplier.

You can evaluate a supply contract by looking at:

- discounts offered
- delivery options
- ease of ordering.

Changes in technology

Technology is always changing and organisations need to acquire resources that allow them to keep up with these changes. Your organisation needs to know when it is time to apply new technology to solve operational problems. For example, using barcoding software to track stock may be identified as a new technology direction for an organisation to take.

There are many reasons why processes for efficiently acquiring resources fail. Whatever the reason, it may be your responsibility to deal with the problem. You should keep a record of any problems that have arisen and list any solutions you can think of. This will help you problem-solve and deal with similar situations in the future.

Practice task 12

1. Explain why organisations need to perform a cost analysis.

2. How do supply contracts benefit an organisation?

3. Read the case study, then answer the questions that follow.

Case study

Aldo is the office assistant for a web design company. The web developers have the most up-to-date computer software, but their hardware has not been renewed for several years. The head of the design team asks Aldo to order five new high-definition monitors. She tells Aldo that she has the budget so he can place the order today. Aldo places the order with the organisation's preferred supplier.

The monitors arrive and the developers are delight. However, when the manager gets back from a business trip and sees the screens, she is angry as the purchase is not within budget. The head of the design team does not have the authority to approve equipment purchases. The purchase of a much-needed scanner has to be put on hold while the manager tries to compensate for the unauthorised expenditure.

a) What should Aldo have done before ordering the monitors?

... continued

b) What are the consequences of Aldo's actions?

c) Explain why internal approval processes are needed before resources can be purchased.

Summary

1. Organisations require policies for acquiring and storing resources in order to create a safe workplace, reduce spoilage and wastage, avoid shortages and ensure budgets are met.

2. Resources need to be acquired in a cost-effective manner.

3. Resources have to be acquired according to time lines to prevent shortages and wastage.

4. Resource acquisition processes need to be regularly reviewed in order to make improvements.

Learning checkpoint 3
Acquire resources

This learning checkpoint allows you to review your skills and knowledge in acquiring resources.

Part A

Read the case study, then answer the questions that follow.

Case study
Lena is an office assistant at Seltek, a medium-sized organisation. Her responsibilities include making sure that bills are paid on time and managing the photocopier and a team of cleaners.

Lena's manager has asked her to cut costs by five to ten per cent over the next 12 months. Lena examines the following areas:

- the business's bill payment options
- the terms of the contracts they have with the photocopier maintenance supplier
- the company that provides the cleaners.

She contacts the electricity provider. She finds out that if she pays bills within seven days of receiving them, she will get a five per cent discount. Over the last year, Lena has paid four power bills of $2,500, $3,500, $2,000 and $2,800.

Lena contacts the phone service company. Seltek has an annual bill of $15,000. Lena discovers that the phone service company offers a five per cent discount for prompt payment. She also discovers that Seltek is classified as a VIP customer and VIP customers are offered free phone maintenance. Currently, Seltek pays a $300 per annum maintenance fee.

Lena contacts the office cleaning contractor and the photocopier maintenance contractor. The cleaning contract costs $1,000 per annum and the photocopier contract costs $2,500. Lena explains to the contractors that she needs to make a 10 per cent saving. Both contractors work out ways of altering their service to make the saving.

1. How much would the prompt payment option have saved the organisation on electricity bills in one year?

2. How much will the prompt payment and free maintenance save the organisation on the phone bills?

3. How much has Lena saved the company per annum on cleaning and photocopier maintenance costs?

4. Work out the total cost of the electricity, phone charges and contracts before the savings. Add up the total amount Lena has saved. Has Lena reached the goal of a five to ten per cent saving?
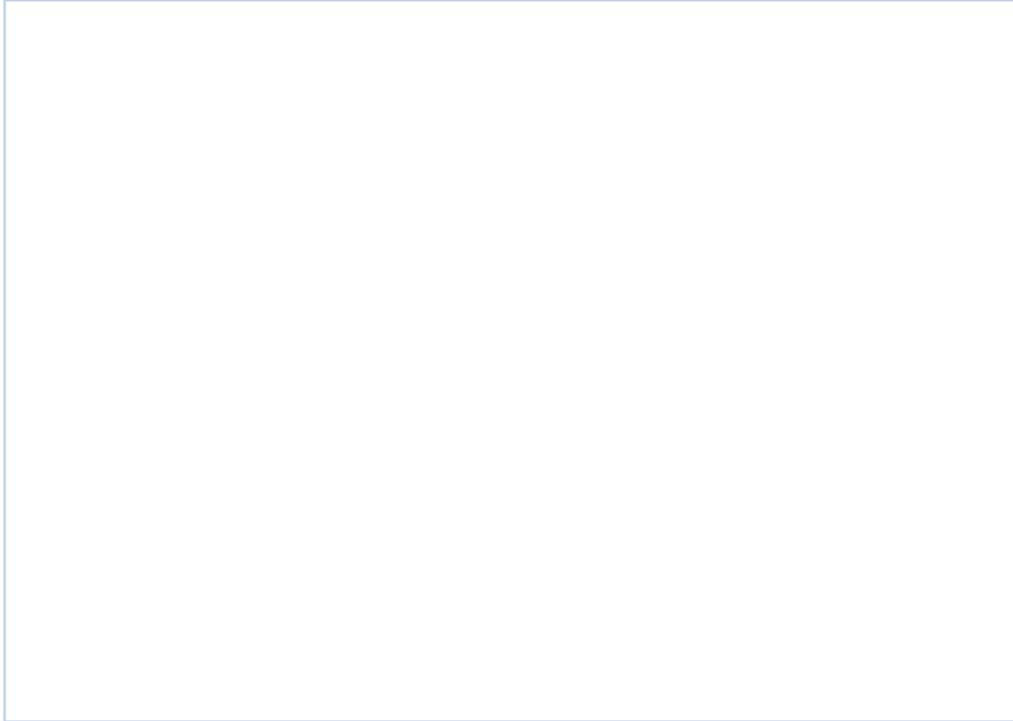
Part B

1. In one paragraph, explain the relationship between time lines, storage capacity and resource acquisition. Give examples of difficulties that may occur.

2. Three processes that are used to identify improvements in resource acquisitions are:
   - cost analysis
   - supply contracts
   - technological changes.

   Describe each process in your own words.

3. Imagine that you work for an organisation as an ordering clerk. You have
    noticed that the quality of products from a regular supplier is deteriorating, the
    resources aren't being delivered on time and sometimes the wrong resources
    are delivered. Write half an A4 page to describe the actions you would take to
    overcome this problem.
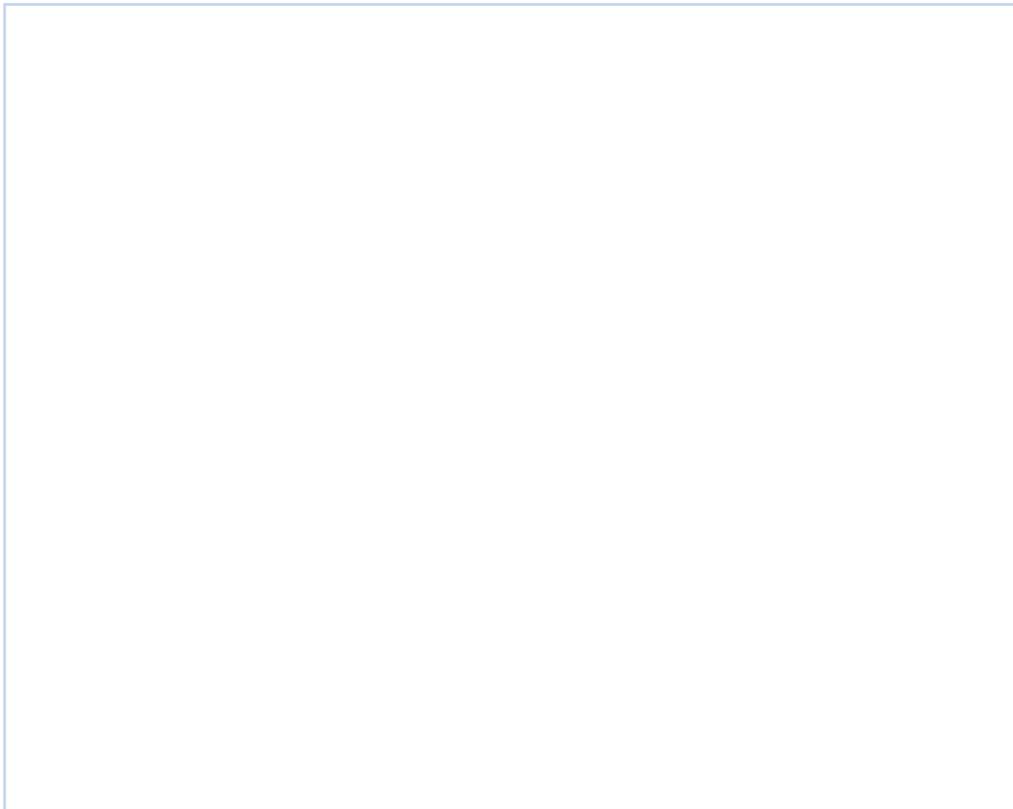
Part C

Write a short paragraph for each of these five processes describing how an organisation may use them when acquiring resources.

1. Using a tender process

2. Using a non-tender process

3. Using contracted supplier ordering

4. Using periodic forecasts

5. Getting internal approvals

Part D

Read the case study, then answer the questions that follow.

Case study

Gino is the operations manager for a large organisation that is planning major changes. In the next six months, the management team want to renovate the city office, upgrade computer equipment company-wide and find a contractor to provide IT services for the next two years.

For the renovation project, Gino draws up a list of the organisation's requirements. He advertises the work in a local newspaper and invites applications from suitable office refurbishment companies.

Gino contacts two organisations that sell computer equipment. He sends them a list of the requirements for the company-wide equipment upgrade and asks for a quote, including delivery and installation. He compares prices, selects the most economical option, fills out a requisition form and gave it to his manager.

Gino then contacts companies offering IT services. He creates a shortlist of three companies and presents the information to senior staff. Gino and the other senior staff choose the company that has the skills the organisation needs and sign a two-year contract.

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1. What process did Gino use to acquire the services his organisation needs to complete the office renovation?

2. What process did Gino use to purchase the computer equipment?

3. What process did Gino use to find a company to provide IT services?