BSBOPS401

COORDINATE BUSINESS RESOURCES

BSBOPS401

Coordinate business resources

Release 1

Learner Guide

Aspire Version 1.1

Aspire also has learning resources available in these areas:

· Foundation skills
· LLN and employability skills (non-competency)
· Community services
· Early Childhood Education and Care
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Before you begin

This Learner Guide is based on the unit of competency *BSBOPS401 Coordinate 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	These highlight key 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.
Summaries	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 provides definitions for each foundation skill.

Foundation skill area	Foundation skill description
Reading	▪ Identifies and interprets information from organisational plans, policies and procedures
Writing	▪ Develops a range of documents using structure and vocabulary appropriate to audience, context and purpose
Oral communication	▪ Participates in spoken interactions using active listening and questioning to confirm and clarify understanding
Numeracy	▪ Interprets a range of mathematical information that is embedded in familiar texts ▪ Calculates and compares numeric data to track expenditure
Initiative and enterprise	▪ Identifies and responds to explicit and implicit organisational procedures and protocols and legislative/regulatory requirements
Teamwork	▪ Selects the appropriate form, channel and mode of communication for a specific purpose relevant to own role ▪ Cooperates with others as part of familiar routine activities playing an active role in facilitating group interaction
Planning and organising	▪ Applies formal processes when planning complex tasks, producing plans with logically sequenced steps, reflecting an awareness of time constraints ▪ Identifies and takes responsibility for addressing predictable problems in familiar work contexts ▪ Assess impacts of variables on decision outcomes to identify improvement opportunities
Technology	▪ Utilises a range of features within digital applications to access, store and share information

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: Establish required resources	1A	Identify resource requirements	❑ Confident ❑ Basic understanding ❑ Not confident
	1B	Assess costs of resources	❑ Confident ❑ Basic understanding ❑ Not confident
	1C	Present recommendations on resource requirements	❑ Confident ❑ Basic understanding ❑ Not confident
Topic 2: Acquire and allocate resources	2A	Acquire resources and services	❑ Confident ❑ Basic understanding ❑ Not confident
	2B	Check resource purchases for quality and quantity	❑ Confident ❑ Basic understanding ❑ Not confident
	2C	Allocate resources	❑ Confident ❑ Basic understanding ❑ Not confident
	2D	Consult with others on resource allocation	❑ Confident ❑ Basic understanding ❑ Not confident
Topic 3: Evaluate resource allocation and usage	3A	Assess resource planning against budget	❑ Confident ❑ Basic understanding ❑ Not confident
	3B	Identify resource planning improvements	❑ Confident ❑ Basic understanding ❑ Not confident
	3C	Develop monitoring and reporting methods	❑ Confident ❑ Basic understanding ❑ Not confident

Topic	Key outcome		Rate your confidence in each section
Topic 4: Improve resource allocation and usage	4A	Implement resource planning improvements	❑ Confident ❑ Basic understanding ❑ Not confident
	4B	Monitor resource use	❑ Confident ❑ Basic understanding ❑ Not confident
	4C	Maintain record	❑ Confident ❑ Basic understanding ❑ Not confident

Topic 1 | Establish required resources

1A   Identify resource requirements

1B   Assess costs of resources

1C   Present recommendations on resource requirements

1A Identify resource requirements

Successful resource management depends on good information for planning and consultation with the right people. You will need to understand the organisation's plans and consult with the stakeholders affected.

Coordinating business resources involves a number of steps that aim to identify what the team needs to do to achieve business objectives, the resources needed to successfully carry out the tasks and the processes that will be followed to monitor and measure performance. Managers play an important role in planning tasks, supporting the team and providing ongoing progress reports.

You will need to understand how to consult with stakeholders to identify resource requirements and organise recommendations for the resources required.

Review organisational plans

One of the first steps in establishing required resources is to access and review the organisation's key business planning documents.

Organisations develop and implement long-term strategic or corporate plans that outline future directions and the strategies they will use to achieve their goals and objectives. From these broad plans, each department, section or team sets its own goals and develops plans to show what they will do to help achieve the organisation's goals.

These plans, known as operational or action plans, are quite specific in content and generally cover a medium- to short-term period.

The three main levels of planning in business that you need to consider when identifying the business's resource needs are summarised below.

Level 1: Strategic plans
Strategic plans explain the long-term objectives and direction of the organisation.
Level 2: Organisational plans
Organisational plans explain the structure and key objectives for the next 12 months (fiscal year).
Level 3: Operational plans
Operational plans explain the day-to-day objectives, resources, budgets and short-term methods needed to achieve milestones written in organisational and strategic plans.

Example

BizOps Business Plan (extract)

Market

Target market

BizOps customers include anyone seeking innovative, high-quality exclusive products. Customers seeking a 'green' solution to their needs are especially welcome.

Marketing strategy

- magazine (electronic and print) presence
- an in-store/online catalogue
- a corporate website with e-commerce function
- direct marketing to our existing customer base
- a loyalty rewards program
- trade fair participation.

Future

BizOps is committed to:

- providing high-quality and innovative products and services to customers
- meeting the changing needs of customers
- offering innovative product solutions
- delivering speedy and personalised service
- employing professional and enthusiastic staff
- providing clean and 'green' products and services
- adopting sustainable work practices
- undertaking continuous improvement processes.

BizOps is known for its enthusiastic and inclusive culture. BizOps seeks to maintain professional and well-supported staff.

Goals/objectives

In 2015–20 BizOps will consolidate its position in the market as a lead retailer for green and sustainable solutions for high-quality exclusive products.

To do this, BizOps will focus on the following business goals:

- Financial stability:
  - increase revenue by 15% (vs the previous 12 months) by the end of the financial year
  - maintain annual profit levels of 15% of revenue for all products and services, calculated at the end of each financial year
  - reinvest 75% of profit back into the business at the end of each financial year.

Operational plans

An operational plan is a document created to give clear direction as to how the various segments in a business will work to meet the business's overall strategic goals.

An operational plan is a work plan, or game plan, that is prepared for all routine business operations. Operational plans can also be used for one-off large-scale projects. Operational plan plans usually cover a short reporting period, such as 1 month or a quarter, or the length of the project.

Operational plans are derived from and closely linked to important organisational statements and plans. These documents detail the type of business the organisation is in and what it is trying to achieve. Operational plans often include mission and vision statements, annual reports and key performance indicators (KPIs).

What is included in an operational plan?

An operational plan sets out the goals and actions for team performance over a specified term.

Operational plans are developed in accordance with prescribed organisational guidelines and legal requirements. These plans extrapolate strategic plans to individual personnel and team-level requirements. They give direction for the day-to-day actions and objectives that must be achieved by team members to ensure team and organisational goals are met.

There are six key elements that are often included in a detailed operational plan. These elements are described below:

Objectives
broad statements that explain the expected outcomes that must be achieved to support the operational plan
Key performance indicators
level of performance that explains what is needed from an individual, team or department to support business objectives; KPIs should be realistic and tangible targets
may also be referred to as 'key performance measures'
Actions/strategies
activities or ground-level strategies that need to be done to bring about the desired objectives and performance standards; examples include sales approaches, developing and shipping products and delivering services to customers

Resource acquisition and procurement processes
policies and procedures established by an organisation to outline how human, physical and systems resources are purchased, who they are purchased from and how they are implemented into operations; 'procurement' means to purchase and acquire something from a supplier
Monitoring and review processes
used to explain how well the operational plan is unfolding and whether the strategies are controlling performance, including revenue and expenditure toward the right direction; if performance is not meeting the required KPIs, the monitoring process should identify this so you take the necessary action
Contingency plans
identify key risks that can affect operational performance and the contingencies that will be implemented to address any threats to the achievement of the objectives

Resource requirements to support operations

A resource is something that is of value to a person or organisation that helps in the achievement of goals. Within business management practices, you will acquire and rely upon a range of resources to achieve your organisation's operational goals.

To be an effective manager, you will need to help the business achieve organisational goals and objectives. To do this, you must review the existing operational plans and pre-empt the resources required to complete projects, tasks or activities. Part of this process involves acquiring resources, following budgets and ensuring effective communication between all stakeholders.

The four main types of resources needed to fulfil the requirements of a day-to-day operational plan are described below.

Human resources	- Subject matter experts (SMEs) - Skilled workers and specialised staff - Technicians - Managers and supervisors - Labourers and front-line workers - Support staff - Contractors and consultants

Physical resources	- Tools and equipment - Stock or products that will be on-sold to customers - Stationery items - Machinery - Facilities and buildings - Infrastructure - Materials and consumables
Financial resources	Money to purchase or acquire information, people, physical equipment or systems
Systems resources	- Software applications - Management systems

Common business resources

Each business resource that you acquire must serve a specific function that supports the operations of the business.

Resource requirements vary depending on the industry, location, products or services provided, number of staff and other variables.

The type and range of business resources will vary from one organisation to another depending on the size and nature of the organisation. For example, the office of a small pizza delivery company may have a computer, photocopier, several telephones and telephone lines, delivery vehicles and modest stationery needs. In contrast, a large financial institution may require hundreds or even thousands of computers, a large range of office furniture and equipment, training rooms and equipment and a large volume of office supplies.

General office resources

Business resources may include a wide range of items that are needed for organisations to effectively conduct their business.

Some examples of key business resources and their functions are described below.

Plant and machinery	• 'Plant and machinery' comprises all the tools, machines and equipment in an organisation, including fittings and accessories.
	• Plant and machinery requirements, like all resources, depend on the nature of the business. For example:
	• plant requirements in a printing business include a printing press, collator and scanner
	– plant and machinery requirements at a large car manufacturer include presses, robots, spray-painting machinery, drills and equipment such as forklifts.
	– Most plant and machinery resources have certain workplace health and safety standards or restrictions for use that organisations need to be aware of.
Stock and supplies	• 'Stock and supplies' describe almost any resource that an organisation requires to carry out its business. If a business runs out of stock, it jeopardises its future operations.
	• The management of stock may be a specialised function or it may be coordinated by line managers or other staff, depending on the extent to which an organisation relies on stock being on hand and the quantity of stock required.
	• Many organisations that have specialist procurement or purchasing teams have significant or very particular stock requirements.
	• Repercussions of not having stock may include loss of customers, a reduction in staff numbers and litigation for not fulfilling contract agreements.
	• 'Stock' is a term that is used to cover a wide range of items and depends on the nature of the business.
Computers and devices	• In business, staff and managers rely on desktop or laptop computers and tablet devices to complete a broad range of tasks, including record keeping, communication, research and development, planning, training, client engagement and marketing, among others.
	• The needs of the staff determine the type of computer hardware that is most useful for the organisation.
Computing and information technology (IT) software applications	• 'Software' refers to the programs used to run office computers and to perform specific work tasks.
	• There is range of software programs available.
	• The type of software you use will depend on your organisation, your equipment and the type of work you do. This may include software for:
	– operating systems – presentations
	– word processing – Internet browsers
	– spreadsheets – email
	– desktop publishing – wed design
	– client databases – accounting.

Office hardware technologies

Technology has grown significantly over the past 40 years. As new technologies enter the market, you will find that you will be constantly exposed to a range of innovative resources that can provide value to your organisation.

Managers need to embrace new technologies as they arrive into the business services sectors. Some of the benefits to organisations of using new technologies include cost savings, improved communications with local, national and international clients, and a greater ability to manage and analyse data and information.

This section provides a brief overview of some of the common technologies used in the business services sector that you may need to purchase for your business.

Scanners
A scanner is an input device that scans documents and images. Upon scanning, a document or image is changed into an electronic format (digital). This means that, in addition to being able to be viewed, the document can be edited.
Most scanners have a flat scanning surface, so documents such as photographs or books can be scanned by lifting the cover and placing them on the glass. A sheet-fed scanner can only accept paper documents and only scans single pages one at a time.

Photocopiers
Photocopiers will copy documents, maps, drawings, plans, etc. onto paper. The copies can be in colour, black and white and copied on both sides of the page. Photocopies can sort pages into booklets and enlarge, reduce or produce multiple copies of the original document. Photocopiers can perform a myriad of tasks: it just depends on how much the workplace is willing to spend on any particular model. Photocopiers are often multipurpose machines, able to fax and scan documents, as well as to function as a printer.

Printers
Printers are devices connected to computers, sometimes through cables and sometimes through Wi-Fi. Printers are similar to a photocopier and are often multipurpose with a copier function. Printers can print documents in colour or black and white, on both sides of a page, at different sizes and in multiple copies; they can also sort printed documents into booklets. Again, the tasks a printer can perform depends on the how much a workplace is willing to spend.

Data projectors
Data projectors machines are marketed as 'light and portable' that are used for illustrating talks at meetings, conferences, training sessions and other types of meetings and events. Because there is no need to darken the room when using a data projector, there is better interaction with the audience and note-taking is easier.
The projections can be transferred directly form hard copy, such as printed documents, 3D objects, solid and moving samples. The equipment may also be used as an overhead projector to display transparencies.

Electronic whiteboard/SMART whiteboard
An electronic whiteboard looks similar to a standard whiteboard, with the difference being that the information written or drawn on the electronic whiteboard can be reproduced in paper form or sent by email to a wider audience.
The SMART whiteboard goes one step further than other electronic whiteboards: It is connected to the Internet, and so can send any information written on it to any other computer the user wants to send it to. SMART boards also allow live interaction on the SMART screen between users who may be in several locations.

Shredder
Shredders are used for the destruction of records in paper form and are of particular value when destroying confidential material.

Laminators
Laminators provide a plastic covering for booklets, reports or catalogues.

Review resource needs

Managers need to invest the time to review internal sources of information to identify resource requirements for the operational plan.

Obtaining accurate information about resource requirements is crucial. It requires not only research and analysis, but also consultation with relevant personnel who are involved in the day-to-day operations of the business. Obtaining accurate information is a key component in resource planning due to effects on team budgets, productivity and performance.

When planning for a business's resource needs, managers should review additional organisational documents.

Examples of key sources of information are provided below.
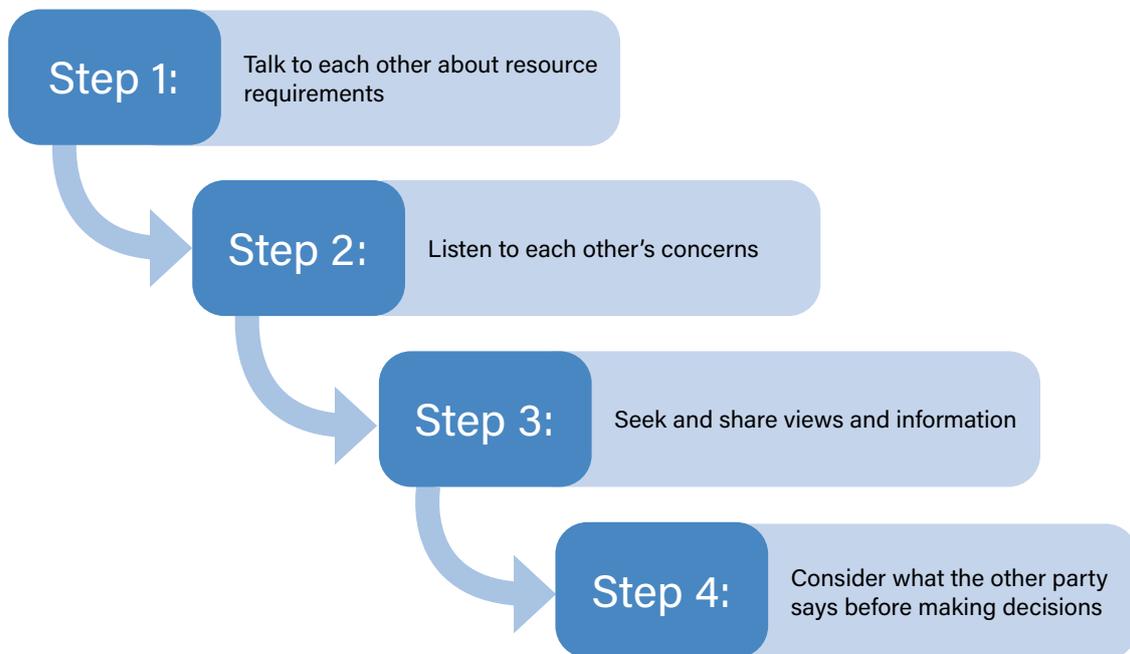
Information sources for resource requirements:
- Operational plans   - Annual business plans   - Strategic plans   - Policies and procedures   - Resource and acquisition plans   - Budgets   - Marketing documents, such as briefs and marketing strategies

Consultation process

Consultation is an important part of developing healthy relationships with stakeholders and ensuring their opinions are considered in the decision-making process.

Consultation is about creating opportunities for key personnel to have their say and contribute towards the decision-making process. Consultation is a two-way communication process involving the manager and the organisation's stakeholders. An effective consultation process should encourage key personnel to participate in identifying resource needs that meet the objectives and plans of the organisation.

The standard four-step framework for a consultation process is provided here.

Step 1:	Talk to each other about resource requirements
Step 2:	Listen to each other's concerns
Step 3:	Seek and share views and information
Step 4:	Consider what the other party says before making decisions

Consultation methods

The timing and format of your consultation methods should be specific to the needs and constraints of each stakeholder within the resource planning process.

Consultation methods must be appropriate to the level of priority of your resource plans, the nature of the resources and the timing and needs of the organisation based on other business plans. For high-priority resource requirements, in most cases a formal meeting involving management will be the appropriate method to facilitate a stakeholder consultation session.

A stakeholder consultation session may include brainstorming sessions, facilitator-led discussions or open forums. If the key stakeholders work or reside in different locations, a video webinar or teleconference may be more appropriate.

All consultation sessions will need to be scheduled in advance with each attendee to ensure each person is well prepared and has time available in their schedule to prepare for and participate fully in the consultation process.

Different types of consultation methods are listed below.

Meeting	Meetings can be formal or informal; they may be used, for example, for staff to voice concerns or raise issues.
Interview	Interviews can be used on a regular basis during operations or at the end of an activity to discuss specific issues on a one-on-one basis.
Brainstorming session	Brainstorming sessions within a group can be used to generate ideas, raise concerns and discuss issues in a direct yet informal setting.
Email	Email or intranet communications can be used when teams are not located at the same site or if staff work different shifts to ensure information is available to all employees.
Newsletter	Newsletters are particularly useful in larger settings or in multisite operations.
Video conferencing	Video conferencing links remote teams visually in real time.

Other types of consultation processes that may also be used include workshops, noticeboards, suggestion boxes and conferences.

Example

Coordination of a not-for-profit project

Since 1950, the Australian Red Cross has been conducting an annual doorknock appeal called Red Cross Calling. This is a large project and as soon as one year's appeal ends, the organisation only has a short time before it needs to start planning for the following year.

Perhaps the most complex and critical task is planning and organising the resources required for this nationwide appeal. Because the Red Cross is a not-for-profit organisation, the appeal is run on a very tight budget. All collectors are volunteers. Every year, the organisation has to make sure it has enough volunteers to cover the whole of Australia.

> The organisation also has to plan and organise other resources, including:
>
> - a volunteer's collection kit
> - collection tins and signage
> - permission from local councils and police to collect at intersections
> - regular letters and communication to collectors to maintain momentum throughout the campaign.
>
> The resource planning alone for the Red Cross Calling appeal is an enormous task. Managers need to liaise with Red Cross staff, volunteers and goods and services providers while working within a very tight budget. They also need to ensure they prepare a back-up plan for collections in case something goes wrong.

Practice Task 1

Question 1

Which of the following sources of information are useful when identifying resource requirements? Select 'Yes' or 'No' for each one.

a) Operational plans   » Yes   » No

b) Policies and procedures   » Yes   » No

c) Business legislation   » Yes   » No

d) Team budgets   » Yes   » No

e) Marketing strategies and materials   » Yes   » No

Question 2

Describe four key inclusions that you would find when reviewing an operational plan.

Question 3

Describe the main steps required in an effective consultation process.
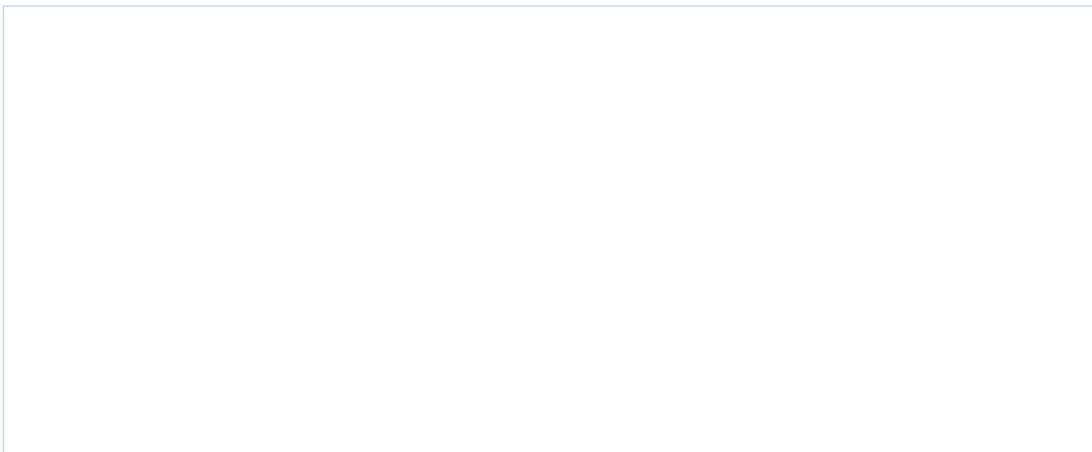
Question 4

Draw a line to match each type of business resource to its correct function.

» Software applications

» Data projector

» Scanner

» Photocopier

» An input device that scans documents and changes them into an electronic format

» A machine that reproduces documents, maps, drawings, plans, etc. onto paper

» Used for illustrating talks at meetings, conferences, training sessions and other events and meetings

» Electronic programs used to operate computing systems, develop documents, produce spreadsheets and manage client information

1B Assess costs of resources

When establishing the need for resources, you will need to consider the costs and whether the purchase will deliver a reasonable return on investment.

Acquiring new resources, whether it be purchasing, leasing or another arrangement, can cost organisations a significant amount of money, affecting their bottom line.
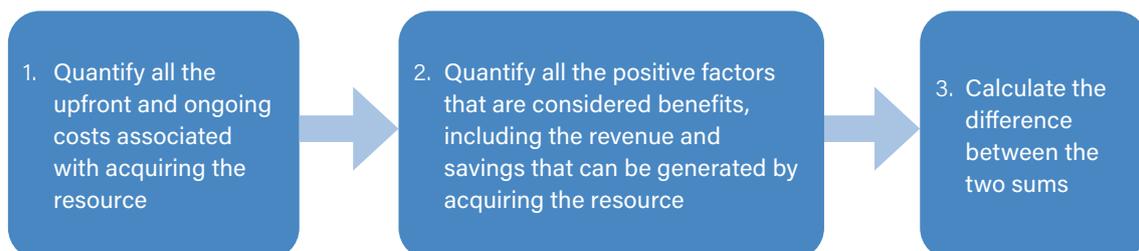
Managers need to identify the costs and efficiency of acquiring the proposed resources. This will involve calculating how much the resources are costing the business and how much value the organisation will receive in return.

Cost versus benefit analysis

The financial efficiency of acquiring new resources must be calculated to determine the viability of the resource proposal.

Cost–benefit analysis (CBA) is a model that is commonly used in business to identify the viability of an investment. It was first introduced in the 1930s by Jules Dupuit, a French engineer. CBA became popular in the 1950s as a simple means of quantifying the project costs and benefits to identify whether to go ahead with a project.

A cost versus benefit analysis requires you to complete three key steps:

1. Quantify all the upfront and ongoing costs associated with acquiring the resource	2. Quantify all the positive factors that are considered benefits, including the revenue and savings that can be generated by acquiring the resource	3. Calculate the difference between the two sums

The difference between the two sums calculated in Steps 1 and 2 will show whether the resource acquisition is financially beneficial for the business. If the value of the benefits outweighs the value of the costs, the resource acquisition will most likely be of value to the organisation.

Calculating return on investment

Using quantifiable metrics allows key decision makers to identify measurable benefits to the organisation when reviewing resource costs.

In addition to CBA, you can also calculate the return on investment (ROI) in terms of a percentage of the value of acquiring the resource.

The following process represents one method of calculating ROI:

- first, calculate the value (benefits) of the specific product, system or service by subtracting the cost of investment from the total value of the gains (revenue generated)
- second, divide this figure by the costs of implementing the resource (total investment)
- third, multiply this figure by 100 to arrive at a percentage.

This process is summarised in the following formula:

$$\text{ROI (\%)} = \frac{(\text{Benefits} - \text{Cost of Investment})}{\text{Cost of Investment}} \times 100$$

Determine quantifiable costs and benefits

Where possible, the CBA process must involve quantification of the non-monetary benefits of improvements in productivity, work processes, indirect sales and people management.

Quantification involves identifying the monetary value of costs and benefits to the organisation. This process is important because it will highlight the true value received in both the short and long term for the organisation, and is an important part of the business proposal.

Examples of cost and revenue areas to be considered when undertaking a CBA include the following:

Cost areas (costs)	Revenue areas (benefits)
- Acquisition and development costs - Implementation costs - Operating and maintenance costs (ongoing)	- Direct and indirect sales from existing products and services - Immediate and long-term sales from existing products and services - Opportunities to generate sales from the development of new products or services - New business opportunities, such as partnering with other organisations or expanding into new market segments

Identify cost savings

The savings ensuing from the acquisition of a resource should be highlighted in your proposal when calculating ROI and conducting a CBA.

In addition to the revenue that can be generated from acquiring a resource, it is important to identify the cost savings, because these can often be of more value to the organisation's bottom line.

There are essentially three types of savings that can be made from a resource acquisition, as follows:

Direct savings	Quantitative savings directly attributed to the resource (e.g. reduced administration costs)
Costing avoidance	Spending that is no longer required as a result of implementing the resource (e.g. the organisation is no longer required to pay ongoing leasing fees for an existing resource)
Intangible benefits	Qualitative benefits as a result of implementing the resource (e.g. less time manually processing administrative tasks and increased automation allows staff to concentrate on more meaningful tasks)

Determine the value and costs of the purchase

The most challenging part of calculating costs versus benefits and ROI is to quantify the value of the revenue and the costs of the purchase.

The benefits of acquiring a resource may, at times, be difficult to quantify and assess (e.g. reductions in staff attrition, increases in productivity or value from indirect sales). When quantifying the organisational benefits, you may need to isolate the portion of the changes to productivity, performance, sales or other measurable output that may occur as a result of purchasing the new resource.

The key is to focus on producing a quantified metric, such as a rate, percentage or dollar value, that can be determined. However, if the benefits are too difficult to quantify objectively, reasonable assumptions, based on valid evidence, may be used to determine the costs and benefits gained as a result of the new resource.

When calculating the ROI of acquiring resources, consider the following points:

- the salaries of the people involved in using the resources
- the difference in hours required to use the resources compared with the previous model
- the reduction in direct costs due to a reduction in staff conflicts, disputes, performance problems and work-related injuries
- the costs saved by correlated reductions or improvements, based on performance before and after the date the resources were implemented (e.g. reduced attrition rate, increased customer satisfaction or higher productivity).

Example

CBA and ROI

BizOps is planning to implement a new client relationship management (CRM) system which will cost the organisation $50,000 for the first year, including purchasing, implementation, training and maintenance. The organisation determines the value to the business of implementing that system for the first year will be $60,000 as a result of increases to productivity and sales.

Following the CBA process, the investment will yield $10,000 worth of benefit for the first year: CBA=$60,000−$50,000

The ROI will be 20%:

$$\text{ROI (\%)} = \frac{(\$60,000 - \$50,000)}{\$50,000} \times 100$$

Practice Task 2

Question 1

What are the **three** key steps in conducting a cost versus benefit analysis (CBA)?

Question 2

Which of the following are examples of benefits of a resource acquisition? Tick all that apply.

◯ Immediate and long-term sales from existing products and services

◯ Implementation costs

◯ Reductions in staff attrition

◯ New business opportunities, such as partnering with other organisations

◯ Cost of acquisition

Question 3

How do you conduct a CBA if costs and/or benefits are difficult to quantify objectively?

Question 4

A training institute is planning to implement a new learning management system (LMS) that will cost the organisation $120,000 for the first year, including purchasing, implementation, training and maintenance. The organisation determines the value to the business of implementing that system for the first year will be $150,000 as a result of increased student enrolments, engagement and completion rates.

Conduct a CBA. What will this investment yield in the first year? Tick the correct response.

◯ $15,000

◯ $20,000

◯ $25,000

◯ $30,000

1C Present recommendations on resource requirements

The standard way of documenting and requesting approval to purchase resources is through a formal business proposal.

A business proposal is a formal document that provides key decision-makers with all of relevant information they need to make an informed decision about the organisation's resource needs.

In a sense, a business proposal is an internal sales document. By drafting a business proposal, you are trying to sell upper management on the idea of spending money for resources that your business needs to accomplish the objectives of the operational plan.

Typically, a business proposal will be divided into a number of key sections. Each section should outline a different part of your proposal.

An outline of the sections that a standard business proposal will typically include is given below.

Introduction	Provide a brief overview of the context of the proposal and what you are trying to achieve for the business by acquiring the proposed resources.
Background	This section should discuss the business problem that needs a resolution. Discuss the situation as it stands in simple terms so even those not familiar with all the technical aspects of the problem can understand it. Briefly explain exactly what resources you need, why the resource is required (what issues it addresses), what it will be used for and where it will be acquired from.
Supporting evidence	Explain the quantifiable data you have gathered that prove that the acquisition of the resource is going to be of benefit to the organisation's plans. These benefits will be the motivating reason for approving any proposal. Discuss how likely the solution is in resolving the problem and talk about costs versus benefits.
Risks and issues	Outline any risks or opposing conflicts that the acquisition may pose to the organisation, including implementation of the resource and its effect on existing processes.
Budget	Explain how the resource sits within budget limitations and any more cost-effective options. This section should also cover any requests for changes to the budget to purchase the required resources.
Recommendations	Provide an overview of your recommendations moving forward based on valid evidence and the benefits of implementing the proposal.

Guidelines for writing a resource proposal

A business proposal needs to convince and overcome whatever arguments there may be against spending the money for the identified resource requirements.

A business proposal is a document that aims to convince your key decision makers that the organisation will be better off if it acquires the specified resources.

Some key guidelines to apply when planning your resource proposal are listed below.

Guidelines for writing a resource proposal:
- Clearly state that the document is a resource proposal.   - Do not try to impress your stakeholders with elaborate wording; keep it simple and to the point.   - Try and anticipate the questions your stakeholders will have and prepare answers in advance.   - Any request to spend money should be supported with a description of the costs and benefits, such as a CBA (cost–benefit analysis) or an ROI (return on investment).   - If you cannot show a financial benefit in spending the money, try to show a financial loss for not doing so, which is almost as effective.   - Be clear in stating the problem or need and the proposed solution. If other solutions were investigated, briefly explain them and why they were not chosen.   - Present your information in an organised manner that builds up to the conclusion.

Align the proposal with business resource needs

Resource plans must be aligned with each level of the organisation's planning processes.

Throughout the business planning hierarchy, the objectives and targets should be based on a cascading effect, meaning your proposals and plans for resource outputs feed perfectly into the operational and organisational objectives, which feed into the strategic objectives.

This relationship ensures that everything that a team, department and business does creates value for the organisation, including its customers and stakeholders.

Presenting recommendations for approval

The resource proposal needs to be presented to your key decision makers for approval.

The final step is to present the business proposal to your key decision makers for formal approval. This will usually be in the form of an email attachment, in-person presentation, data point share drive or hard copy (internal mail).

Ensure you attach relevant appendices or documents of valid evidence to support your recommendations. This information will help provide a valid argument for varying the operational plan.

Key decision makers who you may need to seek approval from can include:
- the operations manager   - senior managers, such as the general manager or chief executive officer   - business owners and directors   - the centre manager.

Use business technology

A range of business technologies can be used to develop and present business proposals to key decision makers.

There is a variety of business equipment and technologies you can use to enhance your resource proposals and increase the professionalism of your presentations. The audience being presented to, the purpose of the presentation and the organisation's requirements will influence the process and format that is most appropriate for making recommendations.

Some of these business technologies are listed below.

Technology	Main functions
Word processing applications	Word processing and text applications, such as Microsoft Word and Apple's Pages, enable users to create professional business documents that include charts, images, a range of font styles and links to external websites.
Business presentation applications	Applications such as Microsoft PowerPoint and Apple's Keynote enable users to create visual presentations with professional slide shows that include appealing text, animated transitions and effects, static charts and images and links to external websites, as well as to write detailed presenter notes.

Technology	Main functions
Email	Email allows people to send presentations as attachments electronically for the purposes of reviewing and consulting on the contents and seeking written formal approval to implement the plan.
Video conferencing	With the improvements in technology, web-based video conferencing has become a recognised means for online presentations. Video conferencing allows people to make professional business presentations to others in distant locations, and includes options to share and view documents in real time. In addition, video conferencing allows people to see each other as they communicate and present their proposals.

Example

Present a resource proposal to key decision makers

Phil is an officer manager in a marketing company. He is responsible for ensuring all 10 members of his administration team have sufficient resources to complete their work on time and to the required quality standards.

Phil is increasingly concerned about the number of issues his team is having with their computer hardware and software systems, which are now over 12 years old. Phil has held regular monthly meetings to consult with his team on their resourcing needs, and the common piece of feedback raised in the meetings is around the requirement to upgrade the computer systems.

Phil has compiled a quote from a preferred supplier and calculated the proposed improvements in terms of productivity, quality of work and employee morale. He has documented the requirements in a detailed resource proposal that is to be presented to the general manager in a formal meeting.
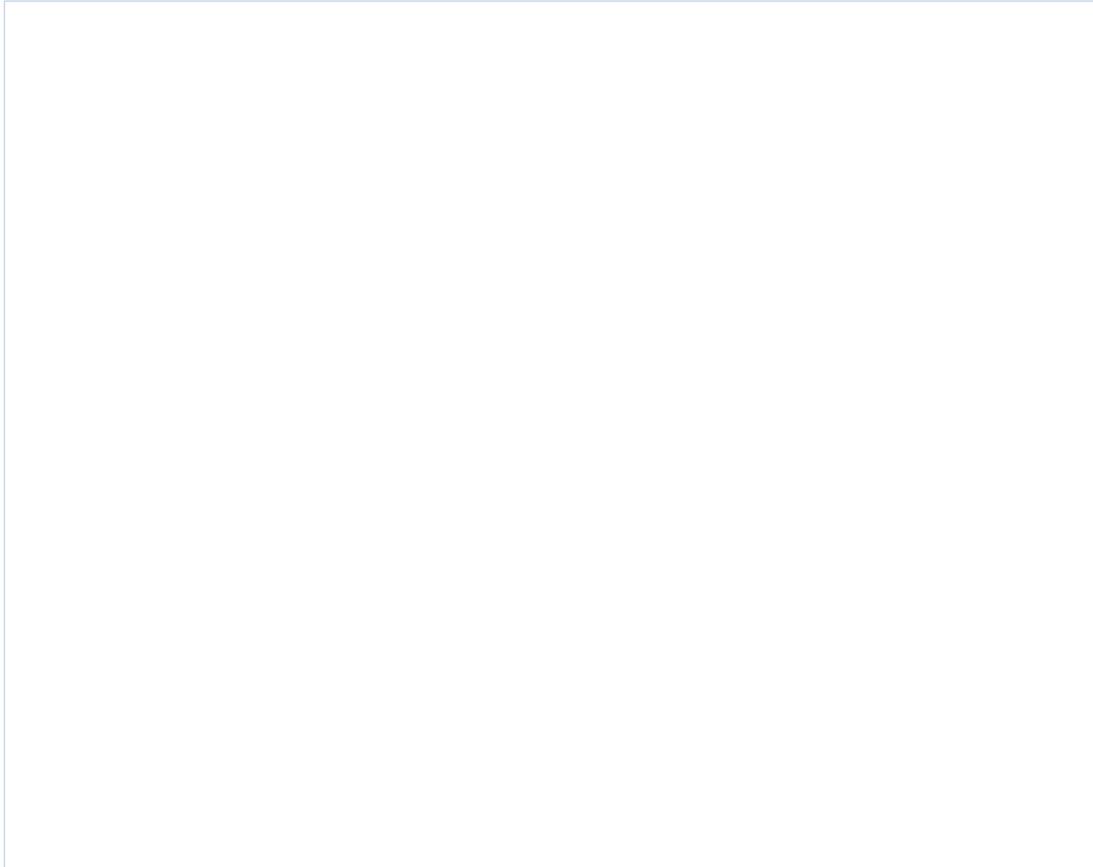
During the presentation, Phil and the general manager discuss the issues raised by Phil's team, the proposed costs, the benefits to the organisation and the estimated time frames for integrating the new system. The two negotiate on some key items, such as dropping costs through reduced purchasing and implementing the new system progressively over the next 6 months, to minimise effects on the budget.

After an hour-long discussion, the general manager approves the amended resource proposal and Phil has authorisation to place the order with the preferred supplier.

Practice Task 3
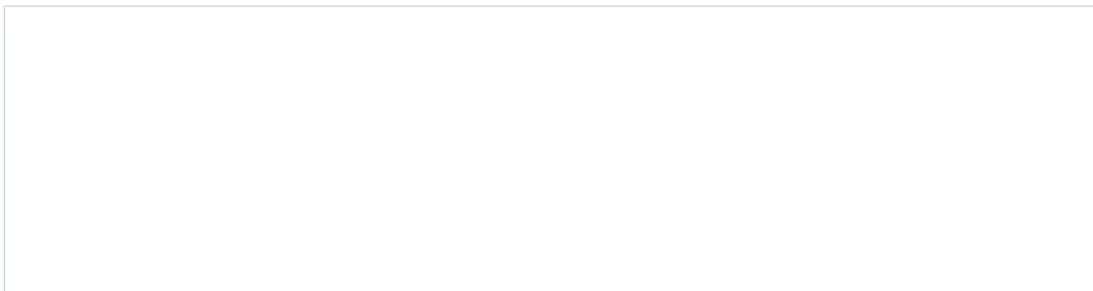
Question 1

Summarise the key sections of a resource proposal.

Question 2

Why is it important that resource proposals are aligned with each level of an organisation's planning processes?

Question 3

Draw a line to match each business technology term to its functions.

》 Business presentation applications

》 Send electronic presentations and reports as attachments for review, comment and approval

》 Word processing applications

》 Use web-based technology to make presentations to decision makers who are located in remote areas, share documents in real time and engage participants in discussions using video and audio media

》 Email

》 Create professional business documents that include charts, images, a range of font styles and links to external websites

》 Video conferencing

》 Develop professional slide shows with appealing text, animated transitions and effects, static charts and images, links to external websites and detailed presenter notes

Summary

- A resource is something that is of value to a person or organisation that helps in the achievement of goals. Within business management practices, you will acquire and rely on a range of resources to achieve your operational goals.

- Coordinating business resources involves a number of steps that aim to identify what the team needs to do to achieve business objectives, the resources needed to successfully carry out the tasks and the processes that will be followed to monitor and measure performance.

- An operational plan is a work plan, or game plan, that is prepared for all routine business operations. Operational plans can also be used for one-off large-scale projects. The plans usually cover a short reporting period, such as 1 month or a quarter, or the length of the project.

- Consultation is about creating opportunities for key personnel to have their say and contribute towards the decision-making process.

- Acquiring new resources, whether it be purchasing, leasing or another arrangement, can cost organisations a significant amount of money, affecting their bottom line. Managers need to identify the costs and efficiency of acquiring the proposed resources.

- Using quantifiable metrics allows key decision makers to identify measurable benefits to the organisation when reviewing resource costs.

- A business proposal is a formal document that provides key decision makers with all the relevant information they need to make an informed decision about the organisation's resource needs.

- A range of business technologies can be used to develop and present business proposals to key decision makers.

Learning Checkpoint 1
Establish required resources

Part A

1. List the key personnel you may need to consult with to achieve all the following:

   - establish an operational plan
   - determine resource requirements
   - gain approval for the operational plan

2. Which of the following information sources can be used to verify resource needs for the operational plan? Tick all that apply.

   ○ Operational plans

   ○ Annual business plans

   ○ Strategic plans

   ○ Resource and acquisition plans, policies and procedures

   ○ Competitor analysis

3. What information would you expect to locate in an operational plan that relates to resource needs?

Part B

Read the case study below and then answer the questions that follow.

Case study

Bette works as a customer service manager for an IT company, reporting directly to the business operations manager. The organisation specialises in providing over the telephone, live chat and email-based helpdesk support services to corporate clients, using a central contact centre.

The customer service department is split into three teams of 8–10 staff, all reporting to their own team leader. Each team also has a subject matter expert (SME) who is an experienced IT support consultant.

In recent times the business has experienced excellent growth, including the acquisition of two new large corporate clients. As a result, it needs to employ an additional 10 IT consultants, who will work in the contact centre providing helpdesk support. The business intends to finalise the 10 new appointments in the next 30 days.

Bette is required to establish a proposal for the new resource requirements to support the hiring of additional staff. The proposal must include purchasing additional computer hardware and software systems.

1. Describe an appropriate consultation method and process Bette should use to verbally engage with the key stakeholders about the organisation's resource needs.

2. Bette has identified an opportunity to purchase new computers and hardware components from a supplier to upgrade the organisation's existing systems. The new systems would cost the company $42,500, which includes purchasing, implementation, training and maintenance. Bette determines the value to the business of implementing the new systems will be $50,000 as a result of increases to productivity and professional sales.

    Calculate the return on investment (ROI) for the purchase of the new computing systems. Show all your calculations.

3. List four key functions that the new staff would be able to perform using the proposed IT systems.
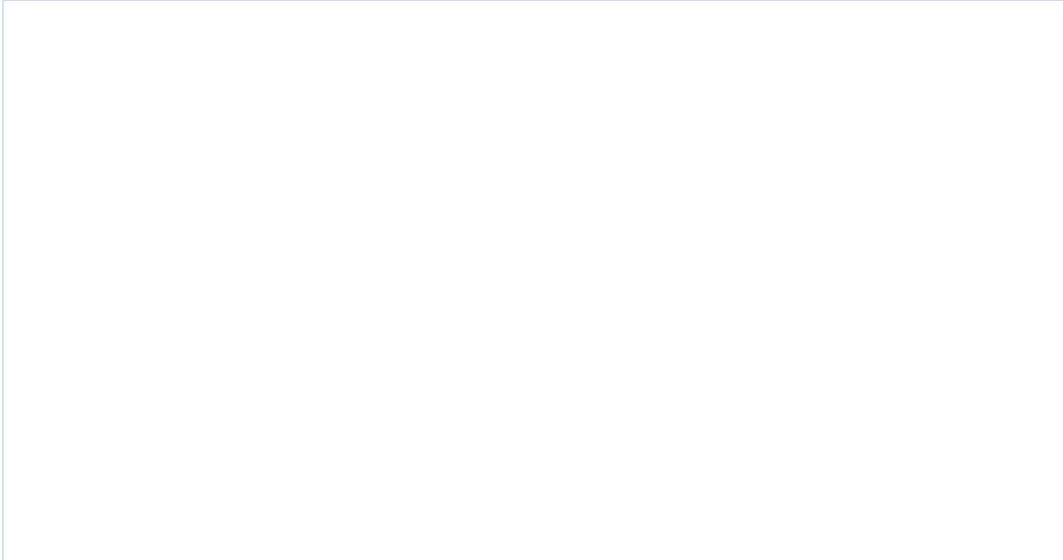
4. List five guidelines you should follow when writing a resource proposal for the new IT equipment.
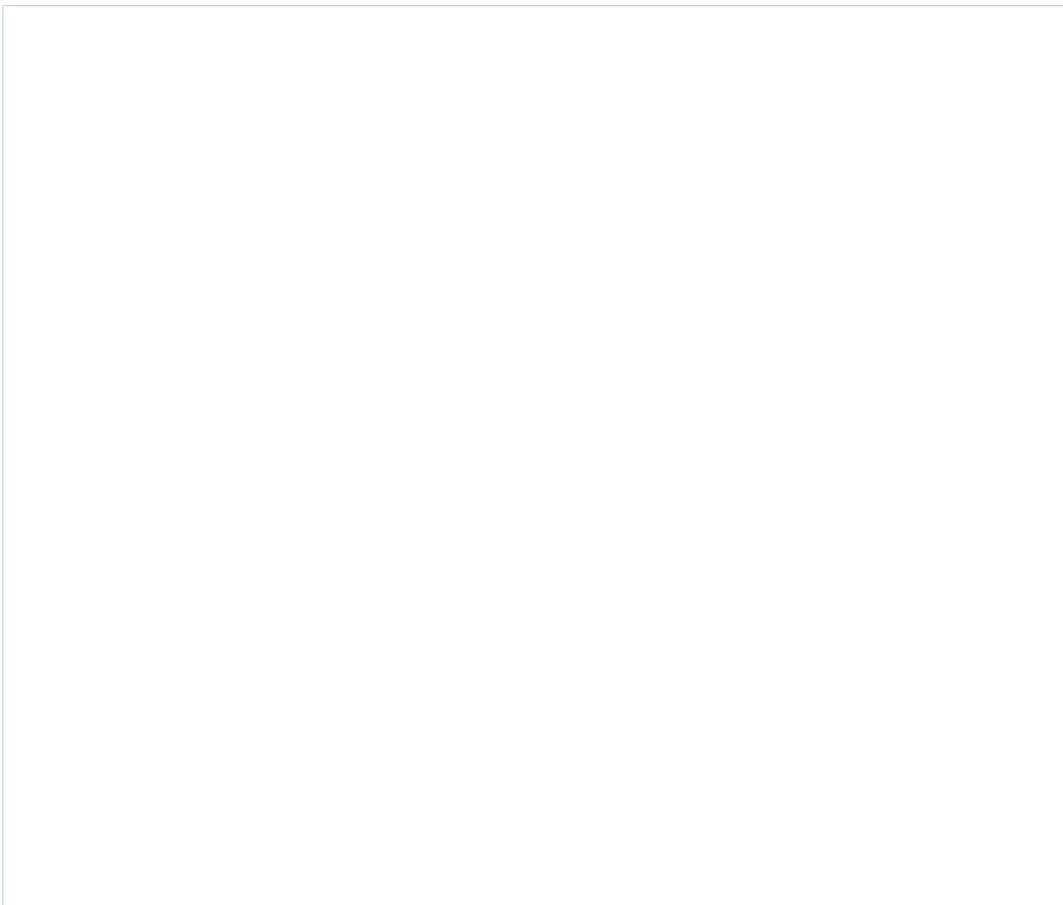
Topic 2 | Acquire and allocate resources

2A   Acquire resources and services

2B   Check resource purchases for quality and quantity

2C   Allocate resources

2D   Consult with others on resource allocation

2A Acquire resources and services

Once a decision is made to acquire a resource, whether to purchase, hire, lease or outsource, you need to ensure the appropriate materials, equipment and services are acquired according to organisational policies and procedures.

Resources need to meet organisational standards for quality and cost. In addition, the materials purchased need to be the right ones for the job, so that staff who use them can complete their tasks and responsibilities properly.

You also need to ensure the items are purchased at the right times in adequate quantities so that production processes run smoothly and staff can complete their daily tasks efficiently.

Resources need to be allocated fairly and equitably. If the resource is needed urgently, you need to be aware of time lines and make sure they are met.

When acquiring resources, you need to follow your organisation's established procedures or guidelines, which should be clearly specified. This may involve sourcing quotations from approved suppliers, completing appropriate documentation, arranging for delivery, organising storage and liaising with suppliers and staff who require the resources.

Processes for acquiring resources may include:
• gathering quotations, keeping a record of them and analysing the information provided to you by suppliers
• using purchase order forms and other documentation
• calculating reorder levels
• controlling invoices
• amending, cancelling and deferring orders
• arranging for the delivery of items
• rejecting goods or adjustments at suppliers' cost.

Legislative requirements

When considering the types of risk relating to business resources, legal compliance is the largest risk area.

There are a number of legislative and regulatory considerations that need to be taken into account when acquiring and allocating resources.

The most common requirements for business listed below.

Work health and safety (WHS)	Employers must ensure they provide a safe and healthy workplace for all employees and have a system in place for risk management. Resources that are implemented into work operations must be safe to use, and workers must be trained to ensure they have the required skills and knowledge to use them correctly, without causing harm to themselves or others. State and territory laws relating to work health and safety include: ▪ *Work Health and Safety Act 2011* (ACT, NT, NSW and Qld) ▪ *Work Health and Safety Act 2012* (SA and Tas.) ▪ *Occupational Health and Safety Act 2004* (Vic.) ▪ *Occupational Safety and Health Act 1984* (WA) Codes of practice are practical guides to achieving the standards of health, safety and welfare required under the applicable WHS or occupational health and safety (OHS) act and the regulations in a jurisdiction. To have legal effect in a jurisdiction, a code of practice must be approved as a code of practice in that jurisdiction.
Anti-discrimination	In Australia, national and state and territory laws cover equal employment opportunity and anti-discrimination in the workplace. Employers are required by these laws to create a workplace free from discrimination, bullying and harassment. An organisation cannot discriminate against current or potential staff based on age, race, sex, physical ability, culture or religion. This includes the way in which resources are allocated. Federal laws relating to anti-discrimination include: ▪ *Age Discrimination Act 2004* (Cth), which makes it unlawful to discriminate on the basis of age ▪ *Disability Discrimination Act 1992* (Cth), which makes it unlawful to discriminate against a person on the grounds of a disability (including a disease) ▪ *Racial Discrimination Act 1975* (Cth), which makes it unlawful to discriminate on the grounds of race, ethnicity or nationality ▪ *Sex Discrimination Act 1984* (Cth), which makes it unlawful to discriminate on the grounds of a person's sex, marital status, pregnancy or potential pregnancy and to sexually harass another person. Each state and territory has its own specific laws covering discrimination.

Privacy laws	Organisational systems must ensure personal information is kept secure and cannot be accessed by unauthorised persons. Confidential personal and company information cannot be used for commercial gain under contractual employment terms.
	Federal laws relating to privacy include the *Privacy Act 1988* (Cth), which includes the 13 Australian Privacy Principles (APPs).
Environmental laws	Environmental laws are concerned with the use of resources affecting land and waterways, carbon emissions and effects on native flora and fauna. Workplace tasks and their associated resource integrations should not direct employees to contravene environmental laws. The risks associated with contravening legislative obligations include heavy fines and costly court orders for amending wrongs. Environmental laws relevant to your organisation can be found at http://aspirelr.link/austlii.

Organisational requirements

Policies set out an organisation's commitments, expectations and standards for a given topic. Procedures explain the steps that need to be followed to meet the requirements of the relevant policy.

An organisation will establish resource acquisition and allocation policies and procedures to outline how human, physical and systems resources are purchased and implemented into operations. These policies aim to guide those in a position to acquire resources to ensure the resources meet the organisational requirements, including quality, time, cost, quantity, selection and use of preferred suppliers, methods of implementation and any associated risk.

Organisations will also implement a policy on the total number of vendors, because limiting this can deliver cost savings and enhance the vendor relationship by increasing business with fewer preferred vendors.

Procedures are written to provide detailed guidance on how to carry out the process of costing, acquiring and allocating resources. These policies and procedures must be followed to ensure consistent and quality outcomes are achieved in the business.

It is important you know and follow the organisation's procedures for different types of purchasing methods that may apply to different resources.

Some purchase methods for particular types of resources are listed below.

Buy outright	Fax machine, computers, printers, stock and office furniture may be bought outright
Tender	Vehicles or plant machinery may be acquired through a tendering process

Contract hire	Casual staff may be employed on a contract
	Temporary staff might be employed on an hourly basis
	A large fleet of company vehicles may be maintained and serviced according to a flat hourly charge
Hire	Extra computers, training equipment or machinery may be hired for a specific project
Lease	Company vehicles, photocopiers or machinery may be leased.
Outsource	Payroll needs, desktop publishing requirements and IT support services may be outsourced

Access business objectives, policies and procedures

Research, read and understand the requirements of the organisation's resource acquisition policies and procedures before purchasing resources.

Policies and procedures outline the commitments, expectations and processes required to control the acquisition and allocation of business resources.

You will need to invest time in researching and reading these various documents to ensure your actions and implementation strategies are consistent with the requirements of the business.

Business objectives, policies and procedures may be accessed from:
• staff portal
• intranet
• network drives
• policies and procedures manual or an operations manual.

Example

BizOps resource acquisition policy

Purpose
The goal of this policy is to ensure that products and services purchased by or contracted for BizOps Enterprises conform to the organisation's needs. BizOps will strive, where feasible, to use the most efficient, effective and environmentally responsible purchasing process that meets the organisation's needs.

The emphasis on purchasing environmentally friendly products is part of the organisation's clear commitment to its customers, employees and natural environment. It is hoped that by having an environmentally sustainable purchasing policy, other producers and suppliers will be encouraged to support and adopt environmentally preferable products and practices.

Scope

This policy applies to the procurement of all goods, services, equipment and related services undertaken by BizOps, irrespective of the nominated settlement method. Settlement methods include purchasing and contracting activities.

Policy statement

BizOps will maximise the benefits that can be delivered through effective, efficient and environmentally responsible procurement of all goods and services. The organisation endeavours to carry out all purchasing activities in a manner that is ethical, honest and fair to all stakeholders.

Principles

The organisation will:

- endeavour to always get value for money
- be held accountable for all procurement results
- ensure the decision-making process is transparent and documented
- ensure that all staff involved in the purchasing process possess and demonstrate highly developed professional ethics and standards of personal integrity
- comply with all aspects of Australian laws and regulations that pertain to purchasing goods and services
- integrate the practice of sustainability (wherever possible) into the acquisition of goods and services by prioritising products that:
  - contain the highest percentage of post-consumer recycled content possible
  - are made with renewable energy
  - are reusable, recyclable or bio-based/compostable
  - have minimal packaging
  - serve several functions (e.g. generic cleaning detergents)
  - have minimal effect on the depletion of natural resources and biodiversity
  - are provided by suppliers and contractors who conduct their businesses in an environmentally friendly way.

All BizOps staff who are responsible for purchasing decisions will undergo training to ensure they understand the requirements of this policy.

Non-compliance with the terms of this policy may lead to disciplinary action.

Authorised purchasing officers

Purchasing delegations are as follows.

Position	Purchase delegation limit
Senior management officers	Up to $5,000
Managing directors	$5,000 to $10,000
Chief executive officer	Unlimited

Prioritise preferred suppliers

Preferred suppliers are the vendors that have an ongoing agreement to provide goods and services to your organisation.

Preferred suppliers are described in organisational policies and have a contract in place to provide your organisation with resources. They are the approved vendors who have passed an initial set of quality checks and have an ongoing relationship with your workplace. Therefore, preferred suppliers must be prioritised to ensure the organisation's requirements for resource acquisition are met.

If you have been asked to find out the cost of an item of equipment, furniture, stock or hiring fees, you must refer to your preferred supplier list to identify the recommended suppliers of the service or item required and source quotes from each of them. Doing this will enable you to identify the preferred provider that offers the best value and can fulfil your requirements in terms of quantity, quality and other variables, such as delivery timing.

Most organisations keep a list of preferred suppliers; that is, suppliers who regularly provide them with products and/or services. These suppliers have been chosen because of the quality of their product or service and the customer service they provide, such as timely delivery, competitive prices and the offer of discounts as a special customer.

Maintain positive relationships with suppliers

It is important that when representing your organisation you establish a good relationship with suppliers in order to ensure an efficient supply of materials and resources.

It is important to maintain healthy ongoing relationships and establish long-term agreements with preferred suppliers wherever possible, so long as the supplier meets requirements regarding quality, delivery, price and specifications. Not only is it time consuming to source different suppliers, but there will also be occasions when you need resources urgently or variations to the standard order and you will need to rely on the good relationship developed with your supplier. You may also need a quick turnaround if you receive faulty goods or equipment.

Organisational procedures may also require the insertion of a penalty clause to protect against delayed delivery, especially for large contracts.

Select alternative suppliers

If a preferred supplier is not able to provide the right product or service, you may need to go out to tender to source an alternative supplier.

Not every item needed as part of an operational plan can be sourced from a preferred supplier. In these cases, you will need to consult alternative suppliers from telephone directories, industry bodies or directories or the Internet, or seek recommendations from work colleagues.

It is a good idea to collect suppliers' catalogues, brochures and advertising material to compare costs and services offered. There are often suppliers' catalogues on the Internet that will provide you with useful starting points. The more information that can be found, the easier it will be for the organisation to make informed purchasing decisions.

Choosing the best supplier depends on how well each vendor satisfies a range of criteria. All these criteria need to be evaluated in the context of your organisation's needs, standards and procedures, as well as the specific requirements that exist for the item or service you are sourcing.

For example, a new photocopier may need to be able to print in colour and black and white, use various paper sizes and recyclable toner cartridges, be delivered within a week and be available on a lease basis. The supplier of the copier may also need to meet certain quality standards set by your organisation's purchasing or finance department.

Always check your resource acquisition policies and procedures for the approval guidelines for sourcing alternative suppliers.

Criteria to consider when selecting an alternative supplier:
• the features and benefits of various brands and models different suppliers have available
• the cost of an item versus its quality
• delivery charges and availability at certain times and in the required quantity
• discounts for quantity or cash
• terms of trade
• whether the supplier is a preferred supplier.

Cost versus quality

When choosing an alternative supplier, consider cost versus quality, which relates to overall value for money.

Cost is often the primary consideration when it comes to selecting materials, equipment and services. After all, if the business had an unlimited budget for everything, then nothing would stop it from buying the best quality. Because most purchases are made with a budget in mind, the job of the staff member with responsibility for supply or purchasing is to evaluate the advantages of the features and benefits of each offering and compare these against the cost of the item.

Often, there may be criteria you need to ensure are met with the best quality, and value for money, you can source, whereas other criteria can be compromised on if they are not as important. For example, a new computer purchased for use by a graphic designer may need to be compatible with the network used in the office and have an excellent quality and large-sized screen so the designer can work at the computer all day without eyestrain. Other requirements, such as its warranty or multimedia capability, could be compromised on provided the important criteria are met.

Two aspects of purchasing you need to consider in addition to cost are listed below.

Quality	Often, items that are of a superior quality are more expensive; however, as in the example above of the computer for a graphic designer, sometimes buying a more expensive item is a better option, especially if it has features that will result in cost-saving benefits (e.g. a five-star energy rating) over the medium to long term.
Extended warranties	It is also worth evaluating whether things such as extended warranties, better-quality parts or a superior reputation represent value for money. Doing some research, including reading customer reviews, testimonials and even talking to the supplier's other clients, may provide you with useful data upon which you can base your judgment.

Delivery charges and availability

Consider additional services and conditions of sale when choosing an appropriate supplier.

When deciding on an alternative supplier for your resource needs, you will need to consider the service provided and the conditions of the sale. Some suppliers charge extra for delivering items; others may only be able to deliver at certain times or in certain quantities.

For example, a company that supplies bulk ingredients to a gourmet biscuit company may only deliver on Friday mornings, and their delivery truck may only be able to carry up to eight sacks of flour. If more is needed, then a delivery fee applies because a courier company is contracted to supply the ingredients instead. As long as this is all right with the biscuit company, these arrangements will not cause any problems. However, with other customers this may be an issue (e.g. if the customer requires deliveries twice a week or always need 20 sacks of flour). In such cases, the delivery costs may rise to a point where an alternative supplier needs to be found.

Other suppliers may always have a time lag between the date an order is placed and the delivery date. Others may not be able to guarantee a delivery date. Again, these issues may not cause problems for many organisations, but could be critical for some. In other situations, systems and processes could be developed to overcome or avoid the potential problems that could arise.

Some suppliers offer discounts if items are purchased in certain ways. These arrangements can be financially beneficial for companies if they are able to take advantage of them.

Some of the ways in which discounts are negotiated are listed below.

Cash payment	A payment is made in cash instead of through a credit card
Credit card	A certain type of credit card is used (some credit card companies charge higher than usual merchant fees, which means many organisations provide incentives for their clients to use other payment methods)
Payment plans	A particular payment plan or leasing arrangement is entered into; an interest-free period may apply
Quantities	A large quantity is purchased
Old stock	Old stock, floor stock or a superseded model is bought
Delivery	You organise delivery yourself
Special arrangement	You pay for and take delivery within a certain period of time or just prior to a stocktake period

Terms of trade

Most suppliers have a terms of trade statement, which details how they accept payment.

Trade terms may include conditions around how payments are to be made and when they need to be actioned. Some terms may specify that payment is due on delivery, also known as 'cash on delivery' (COD). Other suppliers send an invoice at the time a product is ordered, with payment required within 30, 60 or even 90 days. It is common for discounts to be offered as standard in many industries (e.g. a 5% discount if payment is made within 14 days).

You need to find out what the terms of trade are for each potential supplier and whether discounts are offered for early payment. Ensure your suppliers' terms of trade are compatible with your organisation's policies.

Obtain quotations for resource acquisition

For purchasing resources, it is common for organisational policies to stipulate that a certain number of quotes be obtained from alternative suppliers.

Two to three quotations are often required when purchasing new and/or more expensive resources from alternative suppliers (non-preferred suppliers) above a nominated price. For example, if you are purchasing air conditioners, photocopiers or computers for an office, you may need to source at least three competitive quotes.

In evaluating quotations, you should have a thorough knowledge of prices and price development, how prices have been determined and what possibilities exist for obtaining a price reduction.

Things to consider when obtaining quotes:
▪ other items may need to be purchased from preferred suppliers who have already been approved in terms of quality and price
▪ whenever quotes are sourced, it is important to remember not to automatically place the order with the lowest bidder or accept a quoted price without question
▪ always ensure you give potential suppliers a basis on which to quote so the prices you receive are at least provided on a similar basis
▪ tender processes are often used to find the best possible suppliers, and you will need to ensure you abide by your organisational requirements for tendering
▪ price should not be the sole determinant when choosing a supplier; you need to consider other factors, such as quality and delivery costs.

> ### Example
>
> ## Find the best possible supplier by a tender process
>
> Many companies issue tender or request for quotation (RFQ) documentation to potential suppliers. Sometimes, these are advertised publicly, which means any organisation can receive documentation and prepare a response based on the information outlined in the document.
>
> The document will usually include a specification of what is required, including quantities, delivery times and locations and quality standards. Tenders for services and products are usually issued for a period of time or specific quantity. When services are required, a detailed schedule of service standards, and even a sample project plan, may be included that respondents need to acknowledge.
>
> In other situations, organisations may be asked to respond to what is known as a closed tender process, which means the tender is not advertised publicly.
>
> Australian local, state and federal governments all use tender processes in order to source goods and services over certain levels. For example, some federal government departments are required to undertake a closed or open tender process for contracts over $100,000. These levels vary between departments and governments. For contracts less than this amount, quotations need to be provided by a certain number of organisations. These quotes require a price to be provided, as well as evidence of the organisation's capability and approach.

Authorisation for resource acquisition

Most organisations have authorisation procedures that need to be followed when products or services are purchased.

Authorisation procedures are set in place in order to control and manage spending so budgets are not exceeded and all expenditure can be carefully monitored and tracked.

All staff should be familiar with the authorisation procedures that must be followed within their organisation. This is particularly important if you are involved in purchasing or ordering goods and services.

Authorisation procedures are usually based on certain staff members being able to authorise goods purchased up to a stated amount. For example, the team manager may be able to authorise purchases up to $10,000, whereas amounts over $10,000 may require two signatures from the board of directors.

Other authorisations may be required to commence a tender process, to arrange for contracts to be prepared or for other steps in the purchasing process.

Purchase order and order confirmation

Ordering practices must conform to the organisation's set procedures to ensure the right standards and requirements are achieved when ordering resources from suppliers.

Certain purchases, such as land and buildings, require agreements in writing for them to be legally binding. These may be in the form of a contract that both parties have to sign and witness. For most other purchases, written confirmation in the form of a purchase order from the buyer and/or acknowledgment from the supplier is desirable.

The advantage of a written agreement is that the parties have the opportunity to specify the terms in a form that reduces the risk of misunderstanding and dispute.

Most companies use prenumbered purchase order forms. These must be kept in a safe and secure place to prevent their unauthorised use. Appropriate copies of the purchase order should be forwarded to the supplier, the department that ordered and will use the goods or services and to accounts payable; a copy should also be placed on file.

A purchase order should include:
▪ specifications of the product or service purchased and, if applicable, part number
▪ a description of the product or service, quantity and the price purchase order number and date
▪ the supplier's name and address and reference number
▪ the buyer's name/s
▪ the delivery address
▪ special delivery instructions
▪ a delivery date
▪ payment terms
▪ provision for the Goods and Services Tax (GST).

Lead time

The lead time is the period taken to obtain resources: the time between when the business realises it needs to purchase more resources and the time when the goods are received.

The lead time for receiving resources will vary depending on the type of resource, its size and price and the location of the supplier (e.g. whether they are based locally, intra- or interstate or overseas). The lead time for stationery items may be as short as 1 or 2 days, whereas machinery or equipment imported from overseas may take up to 3 months to arrive. Similarly, the lead time for made-to-order clothing or uniforms for a promotion may be up to 4 weeks, whereas a computer or photocopier can be purchased within 1 week if the item is in stock.

It is important to consider the lead time when placing orders to minimise disruptions to the organisation's operations. When you inform suppliers of estimated purchase requirements, be sure to agree on delivery schedules and dates.

Two important considerations in determining when resources should be ordered are minimum and maximum stock levels.

The ordering process is comprised of the following procedures:
▪ preparing the requisition
▪ forwarding the requisition to the purchasing department
▪ processing and preparing the order
▪ sending the order to the supplier
▪ fulfilling the order
▪ transporting the order
▪ receiving, inspecting and storing the order.

Practice Task 4

Question 1

Which of the following aspects of resource acquisition will be covered by organisational policies and procedures? Tick all that apply

○   Preferred suppliers and vendors

○   Resource allocation and implementation methods

○   Accessing quality and cost standards for purchasing resources

○   Information privacy requirements

○   Resource approval procedures and authorised officers

Question 2

Explain the importance of using preferred suppliers when sourcing resources.

Question 3

How would you go about locating information about resource acquisition policies and procedures?

Question 4

What legislation do you need to consider when planning for your business's resource needs? List and briefly explain three examples.
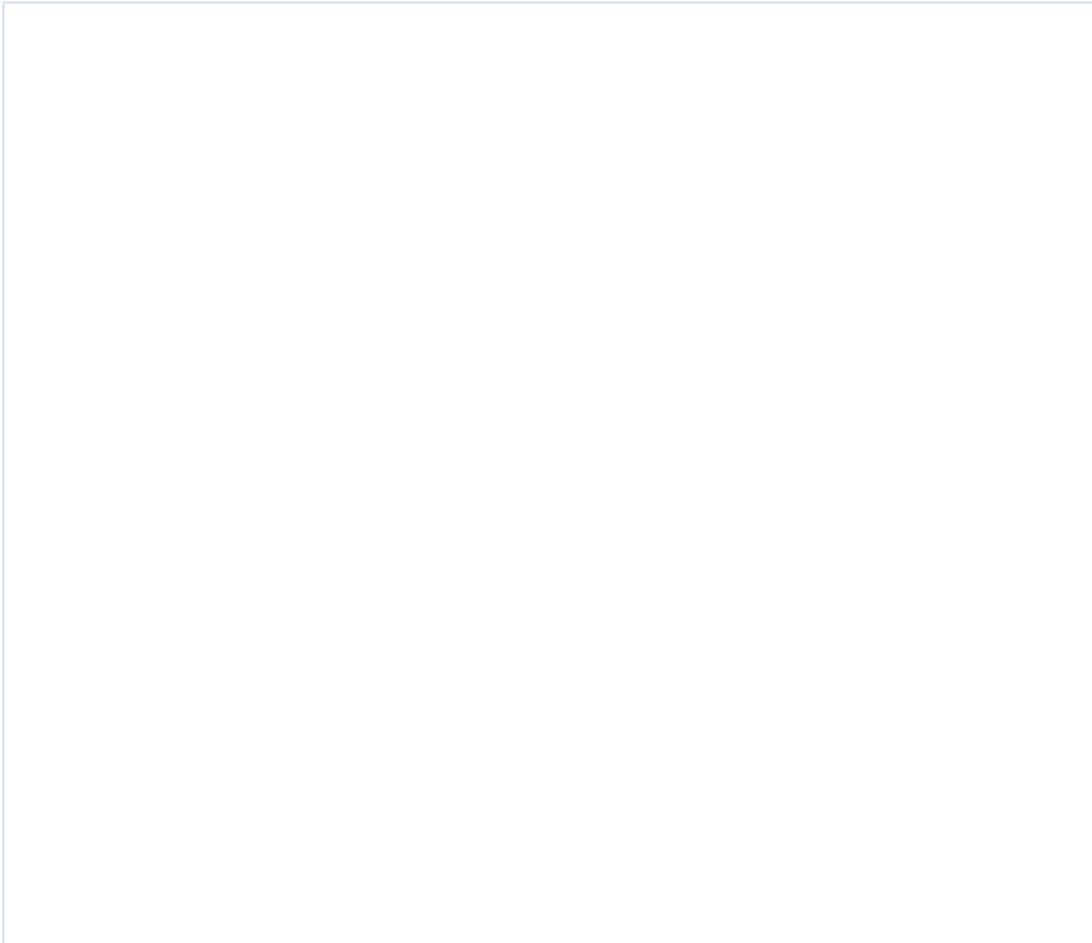
2B Check resource purchases for quality and quantity

When the supplier has delivered the goods, the delivery must be inspected to ensure the items are correct and of a quality standard according to the service agreement.

When receiving an order from a supplier, you are accepting ownership of the goods and the contract of sale is therefore complete. Prior to accepting the resources, a thorough inspection is needed to ensure the order meets all your organisation's requirements and the specific order that was placed with the supplier based on the service agreement.

The purchase order must be checked against the service agreement documentation, which may include a delivery docket and/or tax invoice. A physical check of the goods received must be made to ensure you have received what you ordered and that the goods are in a useable condition.

Common issues in receiving resources

It is important that the quantity and quality of the goods received match what was ordered.

The person accepting the delivery of the goods from suppliers at the point of receipt must conduct a thorough inspection of the goods using a checking process. This will help identify and address any problems with the quality or quantity of stock.

Some problems that may be identified when checking an order are listed below.

Faulty or damaged products	Faulty or damaged goods that were made incorrectly, not to order or that were damaged in transit
Incorrect packaging	Goods delivered in the incorrect packaging and/or not matching their packaging on delivery
Substandard materials	Goods not meeting or complying with strict quality standards (e.g. a food manufacturer will have to use raw materials that meet government quality standards so the food is fit for human consumption)
Receiving the wrong order	Receiving the wrong order or goods that were meant to be delivered to another client; this could be the result of incorrect labelling or a mix-up with the delivery or courier service

Quality control

The quality of resources received from suppliers will affect how effectively they can be used by staff, as well as safety and productivity issues.

Quality control is needed to check the quality of products received and ensure they match the quantity and specifications of the goods on the service agreement, and this process may sometimes be carried out by specialised staff. Quality control involves a physical inspection of all items received in a delivery order.

The objective of the checking process at point of receipt is to compare what was ordered against what was received; if all has gone to plan, everything will match the service agreement.

Example

Resource manager checks a delivery of uniforms

Robert Knowles, the resource manager at Pot of Gold Casino, has received a delivery of uniforms for staff. The order includes 2,000 white blouses, 2,000 navy skirts, 500 white short-sleeved business shirts with logo, 500 navy short-sleeved business shirts with logo and 1,000 pairs of black long pants.

Robert and his team need to ensure the uniforms conform to the meticulous standards detailed in Pot of Gold's quality assurance policy because staff appearance and presentation are very important to the casino's image and must be consistent with requirements.

The quality control assistants carry out a systematic check according to the organisation's instructions concerning quality control.

As part of the quality control check:
▪ all sizes are counted and checked against the purchase order
▪ all colours are checked to ensure they match specifications
▪ the logos are checked to ensure they match the specifications
▪ all collars, buttons and cuffs are checked to ensure they are correct.

Inspection of technical items

The technical complexity of the items ordered dictates the inspection method that should be used to check the items.

In certain cases visual inspection is sufficient, whereas in other cases comprehensive tests are necessary. If comprehensive tests are needed, skilled and experienced staff must carry out the process and should be provided with adequate equipment and suitable facilities.

For example, a delivery of computers should be inspected by IT experts within the organisation who may run diagnostics in order to work out whether the equipment is in good working order and has all the attributes of the goods that were ordered.

Other goods, such as stationery items, can be manually checked and counted by administrative staff upon arrival. If the quality of the delivered product does not correspond to the established specifications, the goods may need to be returned.

Make sure the order is dispatched in sufficient time to allow for the resolution of any difficulties that may arise.

Sample quality checklist

A quality inspection checklist may be provided as part of a stock receipt system to guide you in completing a thorough quality check of any resources received from suppliers.

The processes involved in physically checking deliveries of items will vary greatly depending on the way your organisation manages its inventory system and whether there are automated procedures for the receipt of goods using computerised systems and equipment. The system used by a large manufacturing company with its own goods inwards warehouse team will be different from a small office that only receives the occasional delivery of stationery or photocopying paper. However, the principles of quality management remain the same and can be adapted to suit any business.

Below is a sample checklist you may find useful or that you can adapt for your own use. It lists some of the steps that can be taken to ensure standards are maintained.

Quality checklist
❑ Receive goods
❑ Note if goods are received on time
❑ Visually compare/verify information on delivery docket against original order:
– quantity ordered
– colour
– style, model or part number
– product code (may be issued by purchaser)
❑ Verify that goods are correct (perhaps using scanned image of barcode on package, checking against list of expected goods for receipt or entering details into computer system)
❑ Sign for goods if information matches the service agreement
❑ Inspect goods for damage
❑ Unpack or store goods in appropriate location, taking into account use-by dates for perishable goods
❑ Enter receipt of goods into database or make manual note if system is not computerised
❑ Create updated inventory report
❑ Notify stakeholders of delivery of goods if required (sooner for urgent order)

Practice Task 5

Question 1

List five checks you need to complete at the point of receipt.

Question 2

Which of the following tasks do you need to complete when receiving goods from suppliers?
Tick all that apply.

○ Inspect the order for the quality and quantity of goods

○ Note the date and time of delivery

○ Sign for the goods if the information does not match the service agreement

○ Unpack or store the goods in an appropriate location

○ Create an updated inventory report

2C Allocate resources

Resources must be managed and allocated in a way that aligns with each level of the organisation's objectives and plans.

Throughout the organisational planning hierarchy, a number of operational objectives and targets will be set for the period: weekly, monthly, quarterly and annually. This includes targets for expenditure and revenue.

Resource allocation must support these operational objectives and plans to ensure the budgets and targets are achieved.

Strategic plans: 3- to 5-year goals and strategies

Organisational plans: goals, strategies and budget for the next 12 months

**Operational plans: goals and actions for a reporting period
(e.g. 1 month, for a team or business unit)**

Communicate with team members

Communication is essential in ensuring the right resources are allocated in a way that supports operational objectives and plans.

Communication channels should be established between work groups to ensure the prompt allocation of goods. Team members have key tasks to perform as part of the operational plan and their job descriptions, and they need access to the right resources at the right times.

Resources that are urgently required by staff may be received from suppliers. These need to be allocated out immediately because any hold-ups may affect productivity or customer satisfaction. The hold-up of even small items may have serious implications. For example, the finance team may be waiting on photocopier toner to complete an urgent print run of end-of-year financial results, or the research team may be expecting replenishment of toner for the colour printer so they can submit an urgent tender document. Prompt allocation often means income for the business.

Out-of-stock items

Communicate and consult with key personnel to ensure resources that are out of stock are managed effectively with minimal disruption to productivity.

Sometimes the resources required are out of stock at your suppliers, the colour or model requested is unavailable or an item has to be ordered from overseas and will take longer to arrive than originally planned. Consult with the appropriate person in your organisation as to what they would like to do. If an item is urgent, you may be able to order an alternative product or approach a different supplier.

It is a good idea to have a system in place whereby staff members can indicate the priority of goods needed and specify realistic time lines. When you order these resources, you may want to make a checklist covering the delivery and urgency of the order, as well as any special requirements. It is also important to have rigorous systems in place that enable you to notify staff and managers within the organisation when resources are going to be delivered late, when they will actually arrive or whether, at the time of being ordered, they are unavailable.

The following table is an example of how to keep track of incoming orders of resources.

Item	Supplier	Date ordered	Expected	Receiving department/ personnel	Follow-up action
Toner for DeskJet printer	A&B Toner Supplies	15/04/20	20/04/20	Business support	
Desk light	Light and Bright	01/04/20	19/04/20	Finance services	
Mobile telephone	Teleservices	16/04/20	21/04/20	Accountant	

Item	Supplier	Date ordered	Expected	Receiving department/ personnel	Follow-up action
One box of fax paper	A&B Toner Supplies	02/04/20	10/04/20	Business support	Order is late. Have phoned supplier and should arrive by 21/4/09
Five computer mouses and mouse pads	Office Districts	16/04/20	22/04/20	Sales, marketing and research	
A3 diary	Office Districts	14/04/20	20/04/20	B. Busgrove	

It may be advisable to have alternative processes in place for when items come in late or there is an urgent need for something. For example, an urgent delivery may arrive in the warehouse or office late one afternoon but you do not have time to check it or put it through the appropriate quality control process. Instead of leaving it for the next day, it may be advisable to let the appropriate person know that the order has come in and that they can check the order on your behalf or process it for you to spare any unnecessary time delay. Be sure to ask the staff member to sign for the order.

Guidelines for allocating resources

The allocation of resources, be they physical components and objects or human resources, must always meet operational requirements as well as WHS standards.

You must ensure that physical resources are allocated out in a way that ensures the team is able to implement its operational plan safely without causing harm to people.

Under the WHS laws, every manager has a general duty of care to:

- recognise the hazards on the worksite
- take reasonable steps to eliminate or minimise the harm that these hazards could cause to people.

Supervisors, team leaders and managers have an important to role to fulfil in supporting the WHS requirements of your organisation and ensuring your team works safely with appropriate strategies to manage any risks or hazards.

Specific responsibilities of managers and supervisors include the following:

- provide information to team members about WHS policies, procedures and programs
- implement and monitor procedures for identifying hazards and assessing and controlling risks
- consult with team members about hazards and risks relating to the use of resources
- analyse and solve problems arising from the identification of risks and hazards associated with resource use
- provide sufficient information, instructions and documentation about the safe use of equipment, tools and materials
- train, supervise and guide team members to ensure they have the skills required to use resources safely
- assess the skills of workers to ensure they have the ability to use resources safely and efficiently
- interpret and apply WHS policy, procedures and programs to your work team.

Practice Task 6

Question 1

How can managers ensure resources are allocated and used in an efficient and a cost-effective way in accordance with workplace policies and procedures?
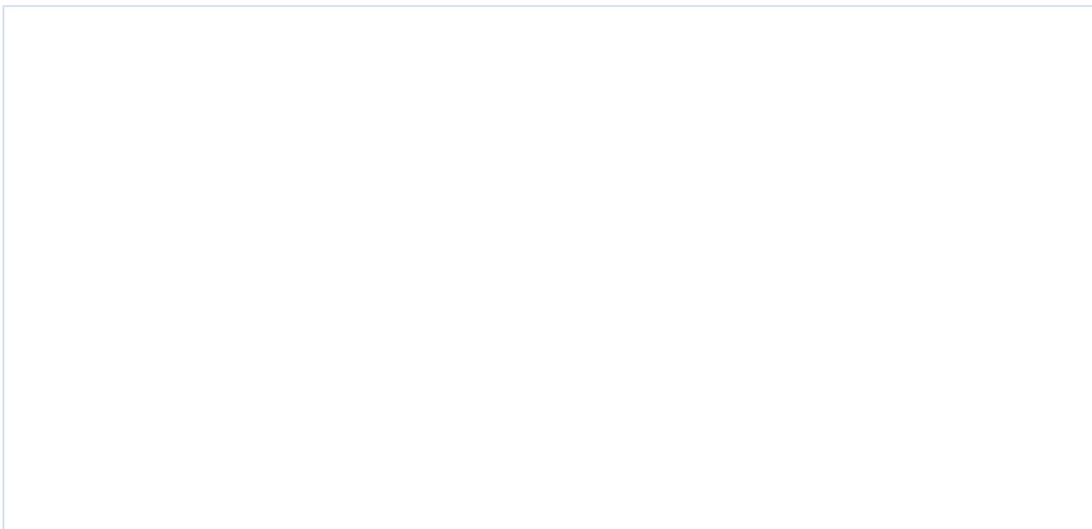
Question 2

What process would facilitate effective communication about resource allocation?

Question 3

What are the benefits of each of the following ways of notifying staff of problems and order arrivals?

- Sending an email
- Stock reports from an inventory system
- Delivering the products to the staff member's work area
- A telephone call

2D Consult with others on resource allocation

Successful operational plans depend upon good consultation with the right people. You will need to understand the operational plan and how resources are to be allocated to support its implementation.

You will need to consult with key personnel to identify their resource requirements as part of the operational plan. It is important to maintain ongoing communication when allocating resources out to teams. This should always be undertaken in a professional and equitable manner, and the processes used to consult on the allocation of resources should be underpinned by business needs. It is vital that as requests for goods and services are received, you and your team consult with individuals and the relevant teams, evaluate their needs and assess their priorities.

There will be times when a requested resource is not available or is out of stock. You need to communicate this to the responsible team and source alternative suppliers.

Consultation with stakeholders

Consulting and communicating with stakeholders is a critical skill in resource allocation and operational planning.

There are various methods that necessitate good consultation, including input, feedback and joint decision making. An effective consultation process will help alleviate resourcing issues and maintain sufficient quantities of resources to support quality of work and productivity.

Decisions affecting resourcing will be more accurate when the right people are involved as resources are allocated. Most large companies, and many smaller ones, have specialist groups and/or divisions you may need to consult with. People in these areas can advise you on company policies, procedures, safety issues and legislative requirements. They can also assist you with the acquisition and purchasing of your resources, and may even offer some creative solutions if your budget is tight.

Consultation processes can include team meetings, email correspondence, one-on-one meetings or virtual meetings using web conferencing technologies.

Relevant personnel you may need to consult about resource allocations can include:
- work team members   - specialist resource managers, such as human resources managers   - other managers and supervisors, such as purchasing department managers   - other people with specialist responsibilities, such as those involved in workplace health and safety committees   - operations manager   - assets manager.

Use interpersonal skills

As you consult with individuals (whether staff or managers) and teams on their resource requirements and the allocation of these resources, you need to ensure your approach encourages participation from these parties.

Communication skills are used when a person is writing, listening and discussing information with a team member. Interpersonal skills manage the social side of communication. They empower the person to communicate the intent of their message in a range of social situations with a variety of people.

Interpersonal skills mean you are able to connect with your audience, adapt the way in which you speak and act with wisdom, dexterity and sound judgement during the communication process.

Making good use of appropriate interpersonal skills is vital when discussions are happening concerning resource allocation. You may find that the allocation of business resources can be an emotive issue. After all, managers and staff are aware that they do not have an unlimited supply of resources on hand and need to demonstrate why they need certain resources more than others in the organisation.

In such situations, interpersonal skills can be put to good use in the ways described below.

Body language
Use appropriate body language, such as eye contact and nodding, to demonstrate you understand the issues you are discussing. In addition, make sure to avoid negative or aggressive body language, such as folded arms across the chest or not meeting the eyes of the relevant parties.

Make eye contact
Remember to make eye contact with all parties involved in any discussions, especially if you are in a meeting with a team or group of people. This will make individuals feel included and instil trust.
Summarise information
Summarise and paraphrase information provided to you so the people you are talking to know you have heard and understood what they are telling you.
Actively question
Ask and actively encourage individuals and teams to participate in discussions and negotiations regarding resource allocation.
Describe objectives
Let the people you are working with know what your objectives are (to fairly and effectively allocate resources) and that you need their help to do this so their needs are met as best as possible.
Language
Use clear language that everyone understands.
Feedback
Seek feedback from individuals and teams to confirm you have understood the information they have provided you.

Example

Consultation over resource requests

At an advertising agency, Barbara Johns, the office manager, receives two requests for new computers within a week.

The HR manager has requested a new laptop that has the capability to play and write DVDs because he believes this will be a useful tool. However, an assistant in the graphics department is expected to work with a range of sophisticated design and graphics software applications, and these are causing his regular computer to crash regularly. His manager has requested a new, more powerful computer for him to use.

Barbara considers buying two computers. However, the corporate budget does not allow for such expenditure at the current time and she does not feel she can justify it. Instead, she consults with both members of staff and the manager of the graphics department and puts forward a persuasive analysis of why the assistant has a greater need.

In this example, a sound knowledge of work requirements, as well as the needs and priorities of team members, helped Barbara make the resource allocation decision.

Practice Task 7

Question 1

List five stakeholders you may need to consult with when seeking input about resource requirements.

Question 2

Which of the following are examples of consultation processes? Tick all that apply.

- ◯ Email announcement
- ◯ Informal discussion over a business lunch
- ◯ Sharing resource plans and proposals for comment
- ◯ Discussion with a work team to determine how to address a resource problem
- ◯ Processing an order to acquire resources

Summary

- An organisation will establish resource acquisition and allocation policies and procedures to outline how human, physical and systems resources are purchased and implemented into operations.

- Resources need to meet organisational standards for quality and cost. This also means that the materials purchased need to be the right ones for the job, so staff who use the materials can complete their tasks and responsibilities properly.

- Preferred suppliers are described in organisational policies and have a contract in place to provide your organisation with resources. Preferred suppliers must be prioritised to ensure the organisation's requirements for resource acquisition are met.

- Authorisation procedures are set in place to control and manage spending so budgets are not exceeded and all expenditure can be carefully monitored and tracked. These procedures must be followed at all times.

- The person accepting the delivery of the goods from suppliers at the point of receipt must conduct a thorough inspection of the goods using a checking process. This will help identify and address any problems with the quality or quantity of stock.

- Effective communication is essential in ensuring the right resources are allocated in a way that supports an organisation's operational objectives and plans.

- The allocation of resources, be they physical components and objects or human resources, must always meet operational requirements, as well as WHS standards.

- There are various methods that necessitate good consultation, including input, feedback and joint decision making. An effective consultation process will help alleviate resourcing issues and maintain sufficient quantities of resources to support the quality of work and productivity.

Learning Checkpoint 2
Acquire and allocate resources

Part A

1. Which of the following aspects of resource acquisition will be covered by organisational policies and procedures? Tick all that apply

    ◯ Preferred suppliers and vendors

    ◯ Resource allocation and implementation methods

    ◯ Quality and cost standards for purchasing resources

    ◯ Information privacy requirements

    ◯ Resource approval procedures and authorised officers

2. Which of the following statements relating to allocation of resources are correct? Select 'Yes' or 'No' for each one.

a) Provide workers with a manufacturer's instructions on how to use equipment, then give them at least a week to learn how to use it correctly.	» Yes	» No
b) Provide structured training for the safe and correct use of equipment in accordance with organisational polices.	» Yes	» No
c) Supervise workers as they use the equipment and offer feedback to improve work practices.	» Yes	» No
d) Ensure workers have access to the Internet so they can google the correct ways to use the equipment.	» Yes	» No
e) Assess workers' skills in using the equipment safely.	» Yes	» No

3. Which of the following statements relate to consultation on the effective allocation of resources? Tick all that apply.

○ Issues about quantities and needs must be identified in consultation with key stakeholders

○ Resource orders should not be adjusted, even if there are significant issues that may affect the ability of team members to meet operational objectives

○ You should seek formal approval before making any changes to resource allocation processes

○ Consultation with team members requires you to discuss their resource needs, seek feedback and work together to address issues relating to resource allocations

Part B

Read the case study below and then answer the questions that follow.

Case study

Benita is the office manager of a retail chain called Lollipops who works in the central office. Benita manages a large team of 25 staff, who depend on a range of office suppliers in order to meet the operational requirements of the business.

It is 8.30am and a contract delivery driver arrives at the main office door with three large cartons of office supplies. The supplies are urgent, because a number of team members are waiting on items that are needed for them to do their jobs effectively. There is a tax invoice with the order and the driver is in a rush.

1. List at least eight steps Benita must take to inspect the new delivery.

2. How would Benita need to confirm that the quality and quantities of the order are correct?
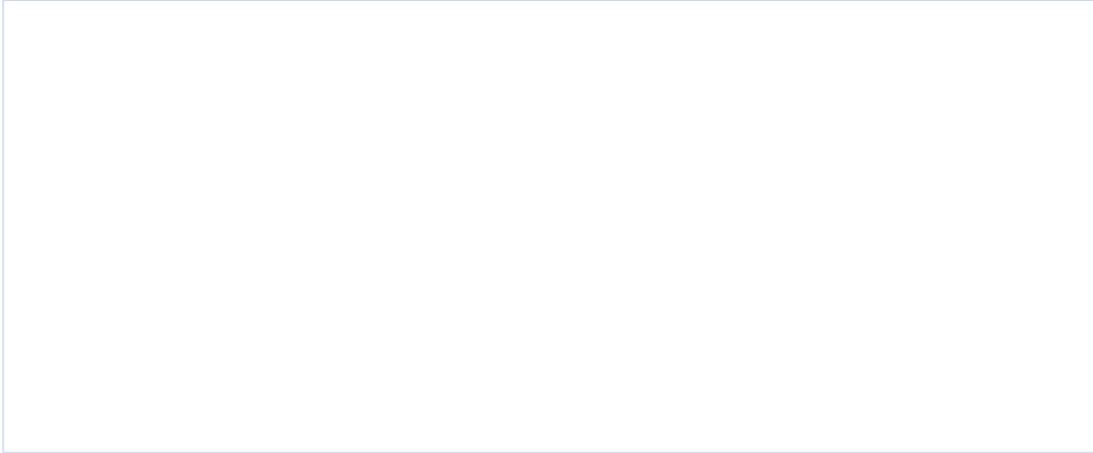
3. How would Benita ensure resources are allocated to the team to ensure they have sufficient quantities to complete their job tasks?
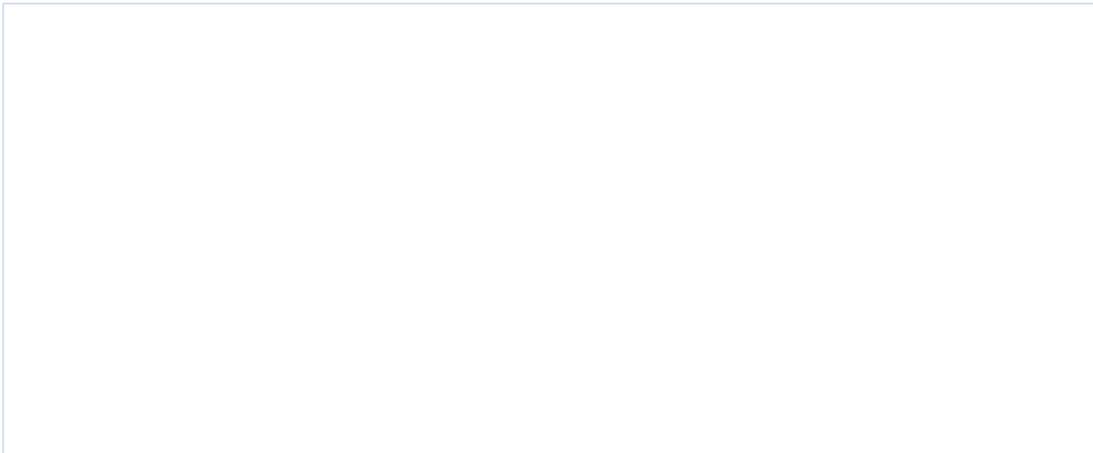
Topic 3 | Evaluate resource allocation and usage

3A   Assess resource planning against budget
3B   Identify resource planning improvements
3C   Develop monitoring and reporting methods

3A Assess resource planning against budget

The coordination and management of business resources is a process that involves regular monitoring and reporting on resource allocation and usage to ensure organisational budgets are met.

Business operational plans help an organisation forecast its future resource needs. These plans predict company directions and specify goals. Resources are identified and measured against these goals. Operational plans directly affect the budgets that are developed and need to be met for resource expenditure.

Together with a monitoring system, the task of resource management should be a streamlined, efficient process.

Assess resource costs

One of the most important parts of resource planning is that of evaluating and controlling expenditure against the budget.

Resource management must ensure that all money spent on resources is in line with the targets outlined in the budget. It requires that any deviations are identified early and corrected with minimal disruption to the operational objectives.

Resource allocation, including wages, the acquisition of equipment, tools and materials and productivity monitoring, is largely about maintaining control over the costs associated with implementing the operational plan, ensuring it is aligned with budget constraints.

Factors that can affect financial resource expenditure
- New technology and equipment that works more effectively and efficiently   - Increased use of resources   - Damages from user error   - Increases in costs, such as shipping rates, import taxes or the value of the Australian dollar   - New inputs, such as raw materials that reduce environmental impacts   - Changing business marketing and customer priorities   - Staff changes, such as loss of experienced staff, with new staff having a lower level of knowledge and a reduced skill base

Assess actual expenditure

Team resources are a key expense that must be monitored to ensure costs are controlled and budgets are achieved.

Monitoring resource expenditure involves tracking spending against budgets and reporting on how money has been spent on resource allocation and usage. You will need to gather reliable information about resource expenditure, prepare regular financial reports and present the actual expenditure reports to the key stakeholders.

You need to ensure all financial records, such as invoices, financial statements, purchase orders and petty cash slips, are obtained when required, checked for accuracy and filed appropriately. This information can be used to produce a budget versus actual report, which is distributed to stakeholders.

To assess resource expenditure, you need to gather information about:

- the estimated and actual expenditure (or number of labour hours) for each resource
- the amount spent to date against the total program or project costs, as well as against budget breakdowns
- the estimated remaining costs to complete the program or project both in total and by budget
- issues that are causing the program or project to cost more (if applicable) and what is being done to contain expenditure.

Budget versus actual report

The most common type of report used to identify actual resource expenditure is the budget versus actual report.

A budget versus actual report is a simple method for assessing and reporting on resource spending that focuses on the outcomes of actual and budgeted expenses.

A budget versus actual report consists of four columns:

- The first column shows the budgeted amounts
- The second column shows actual performance
- The third and fourth columns show the variance between actual results and budget expectations; variances are identified as 'black' for favourable or 'red' for unfavourable and are shown as both dollar and percentage figures.

Example

Budget versus actual report

Managers need to be familiar with the various reports and forms used in financial reporting, such as profit and loss reporting, cashflow reporting and balance sheet reporting. The following example shows the balance of revenue versus expenses (profit and loss statement). There is a surplus of $2,073, indicating a better performance than the budget, with a positive variance of $25,866.

	Actual ($)	Budget ($)	Variance ($)
REVENUE	181,816	156,117	25,699
Product sales	171,541	146,956	24,585
Distribution recovery	6,512	6,061	451
Others/Sundry	2,563	2,000	563
Interest income	1,200	1,100	100
TOTAL EXPENSES	179,743	179,910	167
Personnel costs	81,176	82,996	1,820
External consultant costs	10,111	10,750	639
Production expenses	36,958	34,916	(2,042)
Marketing and sales expenses	15,012	12,443	(2,569)
Administrative and office costs	21,887	20,983	(904)
Company overheads	4,431	4,285	(146)
Depreciation and amortisation	2,371	2,370	(1)
Research and development	1,622	3,167	1,545
Other expenses	6,175	8,000	1,825
SURPLUS/(DEFICIT)	2,073	(23,793)	25,866

Collect and maintain financial records

Assessing resource expenditure requires managers to store, secure and keep track of the financial records.

Information is vital in order for everyone in the organisation to do their job effectively. Managers must invest the time in ensuring the right information is captured, stored and communicated to the right people, using the most reliable and efficient methods possible.

Records and documents relating to resource purchases must be retained according to organisational policies and procedures. Furthermore, the operational plan should have an established procedure for recording and storing financial information and reporting outcomes to key stakeholders. This function is primarily associated with information and communication management.

Examples of financial records include:
- purchase orders   - supplier tax invoices   - supplier receipts   - memoranda   - bank account statements   - payroll records   - credit card statements   - cheque butts   - ATM or EFTPOS receipts   - petty cash vouchers.

Cost variance analysis

Cost variance is a measure of cost performance for a reporting period.

The purpose of cost variance analysis is to detect and correct variances (deviations) from the budget. The cost variance at the end of the reporting period will be the difference between the budget at completion and the actual amount spent. Cost variance analysis helps improve cost control methods, correct errors and manage your resources more effectively.

The standard cost analysis process comprises the following five steps:

1. Collect reliable data about actual costs as they become available.
2. Calculate the difference between an actual cost and an estimated cost.
3. Investigate the reasons for the difference.
4. Report issues to stakeholders.
5. Take corrective action to bring the actual cost into closer alignment with the expected cost according to the change management plan.

Corrective actions

Operational plans can often run over budget due to a wide range of controllable and uncontrollable circumstances.

One of the most effective ways to correct a negative cost variance is to implement cost reduction methods. There are a number of ways to reduce costs within an operational period, as described below:

Reduce running costs and overheads
Reduce travel, stationary and utility costs and implement a reduce, re-use and recycle policy
Control overall spend
Implement change management and authorisation procedures, freeze all purchases for a short period of time, communicate current cost performance and expectations
Revise purchasing strategies
Source cheaper labour and physical resources, negotiate price with suppliers, seek out new suppliers, request cheaper products that perform to the same standards, purchase bulk quantities to reduce unit costs
Review resources needs
Share resources across other departments or projects and cancel unnecessary purchases from external suppliers
Increase efficiency within the current resource pool
Implement staff training and performance management, repair and service equipment and machinery, extend the life of existing resources
Implement lean management strategies
Review existing work processes and eliminate waste, such as unnecessary purchases, process inefficiencies and under-performing resources, and remove needless steps in the work package

Manage a resource shortage and surplus

The right quantities of resources should be managed because shortages and surpluses can have a serious effect on business operations.

A resource shortage means that there is an insufficient amount of a resource available for use. A surplus is the opposite, meaning that there is too much of a resource that is not being used. Both situations have implications for a business that need to be considered in the planning and management process.

The costs associated with resource shortfalls and surpluses are shown below.

Examples of costs associated with resource shortfalls	Examples of costs associated with resource surpluses
Loss of sales If a business runs out of products or is unable to manufacture their products or provide services because stock has run out, the business will be unable to make sales, which will mean a loss of revenue. In some small businesses, this sort of disruption to cashflow could be catastrophic and result in the business failing if it has no cash coming in with which to pay bills.	**Cost of storage space** The storage of goods requires space, and space costs money in the form of rent or mortgage repayments. If the goods stored are large or bulky, then you need even more space to store them. Costs continue to mount if goods require special storage conditions, such as high-quality bottles of wine that need to be stored under cellar conditions or chilled food that needs refrigerated storage conditions.
Loss of productivity If staff and machinery are idle because raw materials were not delivered on time, then the costs of simply having the equipment will mount up while it is not being used. These costs can include leasing or hiring costs of any manufacturing equipment, depreciation costs and the cost of having staff members at work with nothing to do.	**Cost of paying suppliers of goods** The companies that supply the resources you are storing will want to be paid, so if your company is holding a high level of stock you will have to pay for the resources within the terms of trade stipulated by your supplier, potentially tying up significant amounts of capital that could be used for other purposes.
Cost of fixed overheads spread over a reduced output Most businesses will spread fixed costs (costs that do not change if activity increases or decreases) over time (e.g. each month or quarter). Fixed costs include things such as staff wages (not including wages of contract staff who can be asked to come and go as they are needed) and the lease of equipment. This will mean that for some periods profits will be lower because the margin between costs and revenue will not be as great as your business plan may have projected.	**Cost of maintaining stock** There may also be costs associated with keeping resources in proper conditions to ensure they do not deteriorate. This may include special warehousing conditions or may involve labour costs, such as watering and fertilising plants at a garden centre or moving or rotating stock to ensure good airflow around items that could become mouldy.

Cost of action taken to deal with the shortage

If stock cannot be sourced from one supplier, then you may be forced to find an alternative supplier, a process that could take considerable time and money. In addition, because goods may be required urgently, you may not have time to negotiate a good price or may even have to pay higher than usual freight or other costs in order to acquire the goods quickly.

Impact on cashflow

Because money is tied up in paying for resources as well as storing them properly, the cashflow of the business may be affected and it may become difficult to find money for day-to-day business expenses (e.g. paying bills or staff wages).

Loss of customer goodwill

If a business fails to provide a customer with products or services they need on time, the customer will be unhappy, especially if it means lost revenue. Goodwill is the relationship a business enjoys with others or the good feelings customers have about the firm. Companies that have good relationships with their clients and a loyal customer base because, among other things, they deliver stock on time, can place a higher value on their goodwill than companies that have poor relationships with their customers. This is important in terms of an organisation's value, as well as the success it has working with and keeping customers.

Damaged goods

The longer an item sits in storage unused, the more it is prone to collecting dust, being damaged due to friction and becoming obsolete. Resources that are damaged or out of date cannot be used; make sure you have contingency plans in place that anticipate potential damaged stock scenarios and prevent the most likely problems occurring in the first place.

The importance of supply deadlines

A Melbourne-based Australian manufacturer of automotive parts has a lucrative and prestigious contract to supply parts to their associated company in Detroit. The contract is worth a great deal of money and is based on supplying large volumes of parts, such as exterior door handles, to the factory in Detroit on a regular basis because their production system is based on Just in Time (JIT) principles.

The cost of this contract is potentially great; however, the Australian manufacturer has a clause in the contract that states that if the supplier is late in delivering parts to the Detroit factory, they will be heavily penalised in the form of fines. The size of these fines is so great (US$2,000 per minute) that after only a short time of missing a delivery deadline the Australian company would be forced to cease business.

The penalties for creating a resource shortfall are so great because the JIT system used by the Detroit company relies on on-time deliveries of products, or else the production line is stopped. This would result in a huge expense to not only to the Detroit company itself, but also to the companies who work with it.

The Australian company manages this by having an excellent relationship with the shipping supplier they use, who delivers relatively small quantities of parts on a regular basis. They also have good relationships with their own suppliers of raw materials and build parts well ahead of time to allow for production and shipping times.

Practice Task 8

Question 1

Describe how you would assess resources to determine whether resource budgets have been achieved.

Question 2

What factors can affect the actual total cost of resources against the estimated or planned costs?

Question 3

Which of the following reports can you use when assessing resource expenditure? Tick the correct answer.

○   Project report

○   Status and progress report

○   Budget versus actual report

○   Profit and loss statement

○   Issue report

Question 4

Which of the following are issues related to a resource shortfall? Tick all that apply.

○   Increased costs of storage space

○   Inability to meet customer demand

○   Loss of productivity

○   Impacts on cash flow

○   Increased costs in following-up on resource requirements

3B Identify resource planning improvements

As a result of your assessment process, you will identify areas within the way resources are allocated and used as part of work practices that require improvement. This is commonly referred to as an 'improvement opportunity'.

Resources cost organisations a lot of money and therefore need to be used efficiently to ensure the best possible return on investment. An assessment of actual costs, as well as shortfalls and surpluses, may uncover areas for improvement in the way in which resources are allocated and used within the workforce.

These areas for improvement may relate to changes to training and communication processes, increasing or decreasing resource allocations or introducing different resources into business operations.

The continuous improvement process

The term 'continuous improvement' (CI) refers to the ongoing commitment to improving products, services and systems to meet quality standards and customer expectations.

Many organisations do the right thing in developing and implementing policies, plans and systems, but they forget about them until a problem occurs. Because internal and external environments, equipment, workforce and legislation are always changing, your organisation must also change to adapt to the new requirements of your workplace.

CI means that resources must be monitored and evaluated to ensure they remain effective as they are being used.

The PDCA cycle

The PDCA (plan–do–check–act) model provides a process for effective planning, implementation, monitoring and continuous improvement.

The resource allocation review process should follow the basics of the PDCA framework. The PDCA cycle provides a simple recipe for how CI actions should be conducted from start to finish.

Each stage of the PDCA cycle is described below:

Plan
Develop clear resource and operational plans that describe the objectives and strategies for the effective acquisition, allocation and use of resources. Include clear metrics to use as benchmarks for monitoring, measuring and evaluating performance.
Do
Allocate the resources according to the plan, with the knowledge that you may possibly miss the mark in one or more areas.
Check
Collect useful data and assess the effects of the resources on operational performance and objectives. Test the operational plan and measure changes in performance based on the metrics set out in the plan. Identify what worked well and what did not and decide how things could be done differently.
Act
Identify the key learnings from the review. Decide what changes need to be made, what to keep and what to modify to ensure the operational objectives will be achieved.

Consult with key stakeholders

Through consultation with staff, subject matter experts, customers, suppliers and other key stakeholders, you will identify opportunities for improvement of resource planning, allocation and usage processes.

Stakeholder consultation can be a valuable process in discovering improvements to resourcing issues.

Consultation involves meeting with staff, subject matter experts, customers, suppliers and managers and seeking their feedback about experiences and issues relating to business resources.

Consultation is a two-way process of giving and receiving useful information, working together to uncover root causes and collaborating on solutions.

Examples of internal and external stakeholders you may need to consult with are provided below.

Internal stakeholders	External stakeholders
▪ Frontline staff ▪ Supervisors ▪ Assets manager ▪ Storeperson or warehouse manager ▪ Department managers ▪ Operations manager ▪ Business owner/s ▪ General manager ▪ Chief executive officer (CEO) ▪ Chief financial officer (CFO)	▪ Suppliers ▪ Manufacturers and producers ▪ Labour hire companies ▪ Delivery and logistics companies ▪ Customers and clients ▪ Technical advisors ▪ Consultants

Seek feedback from stakeholders

When looking for ways to improve resource planning methods, it is important to actively seek and analyse feedback from stakeholders.

Common methods to seek and analyse feedback include both formal and informal methods. Using multiple sources of stakeholder feedback provides a more balanced view on your resource planning performance. Suggestions as to how you can seek feedback about managing business resources are given below.

Formal feedback	Informal feedback
▪ Staff surveys and questionnaires ▪ Team meetings that focus on gathering specific feedback from resource users ▪ Reports from equipment and systems indicating faults and issues logged	▪ Ad hoc complaints from resource users ▪ Compliments and positive feedback about improvements to work performance ▪ Daily conversations with colleagues and managers

Analyse feedback

Once feedback is gathered, you must break it down to understand it and decide how it could be used to improve resource planning performance.

Successful managers are adept at gathering feedback. Most are capable of using a mix of formal and informal methods to assemble lots of useful feedback information about planning and operational management. A challenging aspect is determining how this feedback could be used to improve business outcomes; this is part of the feedback analysis process.

Formal and informal feedback must be sorted, analysed and the key aspects distilled so that the feedback can be better understood and used to improve work performance. Below are some key points to follow when analysing feedback.

Focus on trends
Trends are commonalities that appear in feedback. For example, do most staff complaints happen during a particular time of day or based on a specific type of resource? These trends can be used to alter resource planning operations.
Categorise feedback
You want to compare feedback across similar feedback. Individually, fault reports, complaints and staff feedback are useful, but comparing them can result in incorrect analysis. Categorise feedback according to resource type or issue type, such as system error or user error.
Use IT or automated systems
Various software or IT systems are available that can save you time in collecting data. For example, you can find survey software that collates and analyses responses for you. If you are analysing technology-based equipment, the machine may be able to provide detailed reports about user performance, including fault reports, productivity and usage rates.
Distribute results and plans of action to relevant staff
The purpose of analysing feedback is to produce a plan of action to improve resource planning performance. This plan should be recorded in a document that can be referred to, and the document should be distributed to relevant personnel.

Skills labour analysis in a business plan

A specialist research organisation has recently created a new department, the Knowledge Transfer Team, to market and sell reports that are produced by the various specialist research teams. The organisation developed a customer service website with a chat room that hosts online information sessions and workshops, as well as organisational planning and development webinars for its clients. The business operations manager set out the following human resources plan for the Knowledge Transfer Team:

Human resource needs plan: Knowledge Transfer Team			
	Full-time ongoing	Part-time	Temps from agency
Team leader	1		
Marketing and sales	1	1	
Online learning	1	1	
Customer service	2	1	
Administrative support	1		1 (for 6 weeks to establish processes)
Total	6	3	1

Following the first 3 months of launching the new department, the operations manager conducted a formal review that identified that the organisation needs seven more full-time staff and three part-time staff.

The operations manager is keen to promote from within and has been watching the staff for signs of promise. The business has four staff to promote, which means they need to recruit three new staff for the full-time positions and four staff to fill the roles of those being promoted. The operations manager provides this information in a report and presents it to the general manager for consultation and approval. Following an agreement, the operations manager announces this to members of the Knowledge Transfer Team, who are supportive of the strategy and are looking forward to seeing the team grow.

Practice Task 9

Question 1

Draw a line to match each term about the plan–do–check–act (PDCA) cycle to its definition.

» Act

» Develop objectives and strategies for the effective acquisition, allocation and use of resources

» Check

» Implement the resource plan by allocating resources, with the knowledge that you may possibly miss the mark in one or more areas

» Plan

» Collect quality information and data to assess the effects of the resources on operational performance and objectives; identify what worked well and what did not and decide how things could be done differently

» Do

» Decide on what needs to change to improve resource efficiency issues

Question 2

Which of the following statements relate to making improvements to resource plans? Tick all that apply.

○ Continuous improvement (CI) refers to the ongoing commitment to improving products, services and systems to meet quality standards and customer expectations

○ Evidence-based decisions should only be made when making suggestions about improvements and must be based on an analysis of feedback from a range of stakeholders

○ Feedback from customers, staff and managers should not be considered when identifying improvement opportunities

○ Improvements to resource plans should be made based on your past experiences and knowledge

3C Develop monitoring and reporting methods

The purpose of monitoring is to identify actual performance in resource usage and address and reduce variations that are below the required standards set out in your resource plan.

Effective monitoring tells you how well the resource planning process is unfolding and whether your methods are controlling resource expenditure and usage towards the right direction. If resources are not being acquired or used as intended, your monitoring process should identify this so you can take the necessary action.
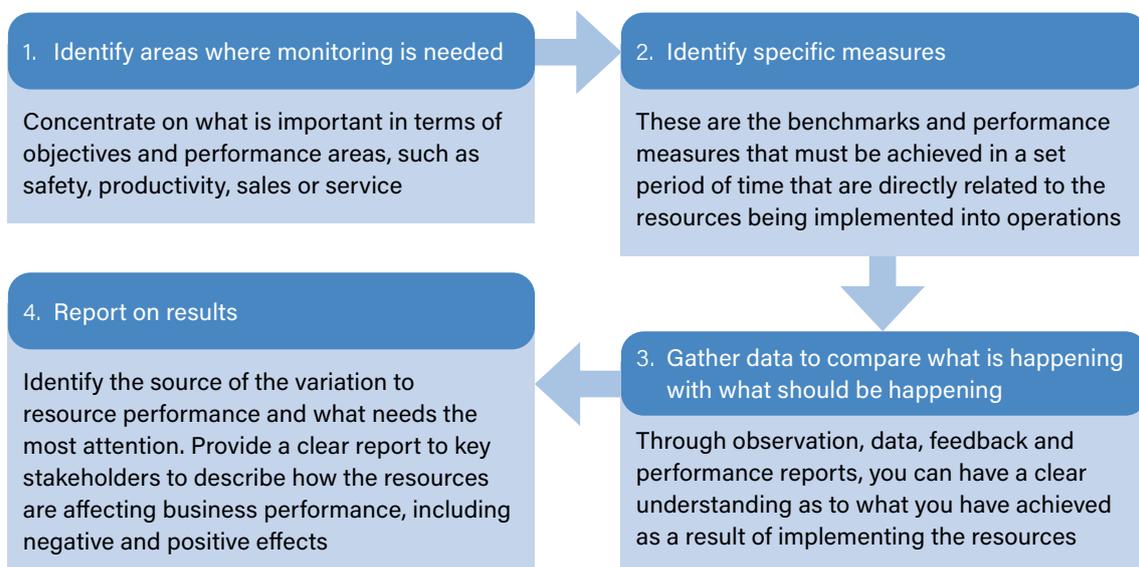
Monitoring is also an essential part of the overall business performance management system, which is underpinned by the principles of CI. CI is an ongoing effort to improve the quality standards of products, services and systems to meet and exceed customer needs, wants and expectations.

Monitoring and reviewing system

One of the most important parts of managing business resources is to systematically monitor and determine the impact of resources on key metrics. Without this assessment, it is impossible to determine the rate of use of the resources.

A system is a set of interdependent parts that work together to achieve a set outcome. Systems are essential in ensuring that work tasks are performed in a consistent and controlled manner and variations in performance are reduced. The performance monitoring process must be systematised to ensure resource usage is identified correctly.

Four steps are usually completed as part of the resource monitoring system:

1. Identify areas where monitoring is needed

Concentrate on what is important in terms of objectives and performance areas, such as safety, productivity, sales or service

2. Identify specific measures

These are the benchmarks and performance measures that must be achieved in a set period of time that are directly related to the resources being implemented into operations

4. Report on results

Identify the source of the variation to resource performance and what needs the most attention. Provide a clear report to key stakeholders to describe how the resources are affecting business performance, including negative and positive effects

3. Gather data to compare what is happening with what should be happening

Through observation, data, feedback and performance reports, you can have a clear understanding as to what you have achieved as a result of implementing the resources

Perform regular monitoring

The system for monitoring resource usage performance should be a continuous task. There should be no surprises about performance when the operational plans and budgets are reviewed.

You must commit to monitoring your resources regularly, in line with the reporting processes outlined in the operation plan.

Weekly monitoring should be conducted as a minimum to ensure you are heading in the right direction and your operational objectives are being achieved. Resource usage can also be monitored daily using reporting systems, observations and feedback from team members, supervisors and managers.

Set performance measures

Monitoring systems need to support operational objectives: these explain what needs to be achieved for a reporting period and what it means for the business to be successful.

As part of the monitoring system, performance measures for resource usage can be written to support the objectives and explain the specific standards of performance that must be achieved at ground level during and upon completion of the operational period.

Performance measures form the backbone of the monitoring system. Examples of performance measures are explained in the table below.

Performance measure	Example
Usage time	A total of 80 hours spent using the resource per week
Money	A budget of $5,000 spent per week
Faults and error rates	Five faults reported per week
Waste and shrinkage	10% waste per week
Downtime	10 hours lost time per week

Collect valid data

Once you have set and documented your resource usage performance measures, you will need to consider the sources of information you need in order to gather the right data to identify performance.

Valid data forms an important part of the monitoring and reporting process. If the data and information you collect is accurate, timely and reliable, you will have a clear picture of how effectively resources are being used across the business and will be able to manage your business's resources better into the future. If the data and information are of poor quality, it will be difficult to identify, compare and report on actual performance

Examples of reliable data and information sources include:
• waste and shrinkage reports • time sheets • maintenance reports • systems user reports • sales reports • product recall reports • issues registers or logs • user feedback • customer feedback • expense reports • stocktake reports.

Report on resource usage performance

The final step of the monitoring system is to specify how resource usage will be reported to the relevant stakeholders.

As part of the performance monitoring system, stakeholders need accurate and timely information about resource allocation and usage in order to understand the performance of the business and the outcomes of any money invested into resource acquisition.

Business reports should be presented in a format suitable to the stakeholder you are reporting to and distributed according to time frames agreed with each stakeholder. The reports must be professionally written and provide a clear and accurate picture of the current performance of resource and operational plans within the business. All information contained within a business report must be reliable, valid, current and sufficient.

> ## Example
>
> ### Monitor resource usage
>
> No Limits is a small consulting business that employs nine staff. The business usually spends more than $500 a month on office supplies, including toners, copy paper, pens and other stationery items. The office manager uses a monthly stocktake process to manually count the quantities of these items that are used throughout the business. The stocktake is also used to identify damaged items, losses and other shrinkage, and to assess the value of stationery items that are yet to be used, including items that are not damaged but can be allocated out to team members.
>
> The quantities of each item are entered into a spreadsheet to keep a record of evidence and to assess actual quantities and the value of all stationery items on hand. Although the process can be time consuming, the office manager is able to demonstrate the most accurate picture of stock quantity and value, which helps manage spending and allocation of stationery throughout the business over the next operational period.

Practice Task 10

Question 1

What are the four key components of a resource monitoring and review system? Tick all that apply.

◯ Identify areas where monitoring is needed

◯ Identify specific measures to use to determine required performance levels

◯ Develop SMART strategic objectives

◯ Gather data to compare what is happening with what should be happening

◯ Report on results

Question 2

Draw a line to match each term about resource monitoring measures to its definition.

» Faults and error rates   » Less than 5% waste per week

» Money   » Total of 45 minutes spent using a system per week

» Waste and shrinkage   » Budget of $25,000 to spend on marketing materials

» Usage time   » A maximum of 10 faults reported per week

Question 3

List five examples of reliable information and data that you can access to determine the actual performance of resource allocations on business operations.

Summary

- Resource planning involves forecasting future resource needs to achieve organisational objectives within a budget.
- Identifying pain points early in the process helps mitigate exceeding expenditure limits.
- Operational plans directly affect the budgets that are developed and need to be met for resource expenditure.
- A budget versus actual report assesses and reports on resource spending with a focus on the outcomes of actual and budgeted expenses.
- The right information must be captured, stored and communicated to the right people, using the most reliable and efficient methods possible.
- Cost variance analysis helps improve cost control methods, correct errors and manage resources.
- Continuous improvement (CI) refers to the ongoing commitment to improving products, services and systems to meet quality standards.
- The PDCA (plan–do–check–act) model provides a process for effective planning, implementation, monitoring and continuous improvement.
- Consultation is a two-way process that involves giving and receiving useful information to uncover root causes of problems and develop solutions.
- Feedback must be sorted, analysed and the key aspects distilled so it is better understood.
- Monitoring identifies actual performance in resource usage and addresses variations below the required standards set out in a resource plan.

Learning Checkpoint 3
Evaluate resource allocation and usage

Part A

1. List the four pieces of information you need to effectively monitor resource expenditure.
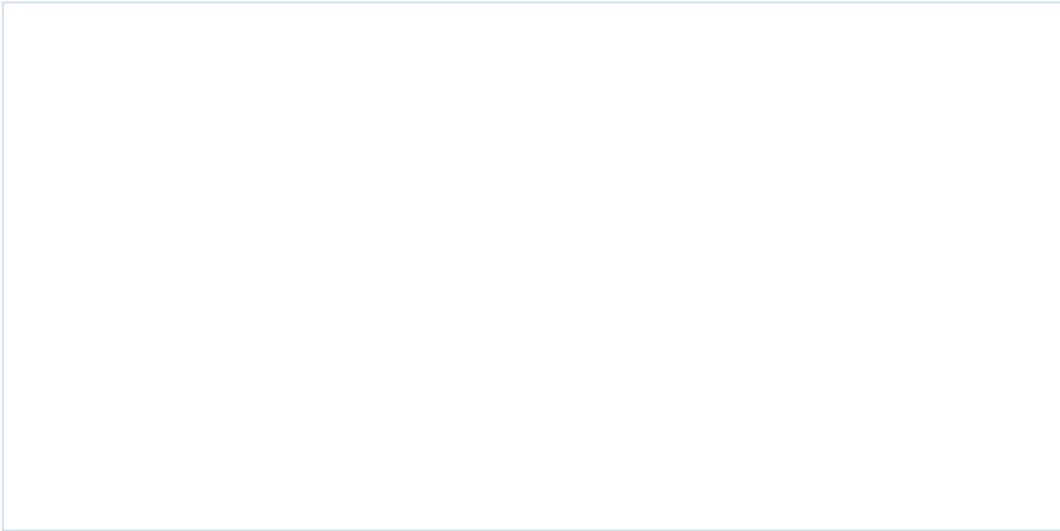
2. Draw a line to match each term found in budget versus actual reports to its location or appearance within the report.

» Budgeted amounts	» Black
» Unfavourable variances	» Red
» Variance between actual results and budget expectations	» First column
» Actual performance	» Second column
» Favourable variances	» Third and fourth columns

3. Explain what is meant by the terms resource 'shortage' and 'surplus'. Provide at least one example of how a shortage and surplus may occur.

Part B

Read the case study below and answer the questions that follow.

Case study

Ronald is the office manager for a small commercial cleaning company reporting to the general manager.

Two months ago, the organisation introduced a $15,000 state-of-the-art multifunction photocopier into the office, which it purchased from an interstate supplier.

The primary aim of the machine was to increase quality and productivity for the office workers. Ronald is interested to see how much of an impact the machine has had on productivity and operational objectives since being introduced.

1. Describe a procedure that Ronald can use to monitor and review the impact of the multifunction photocopier on operational objectives.

2. List three ways that Ronald could seek feedback from staff about some of the issues and successes they have had with the new multifunction photocopier.

3. Ronald is reviewing the feedback he received from the staff to help identify the root causes of these issues. Describe how Ronald should analyse the feedback.

4. Based on Ronald's 2-month review, productivity only increased by 2% and user errors increased by 15%. What improvements can you suggest for Ronald to improve on these figures?

Topic 4 | Improve resource allocation and usage

4A   Implement resource planning improvements

4B   Monitor resource use

4C   Maintain records

4A Implement resource planning improvements

Business planning is about continuous improvement (CI), an ongoing commitment to seeking out ways to make your products, services and systems better.

There may be occasions when the organisation's inventory and resource management systems break down, resulting in resource shortages and surpluses. Most businesses seek to improve all aspects of their operations, a process known as CI.

An improvement can incorporate a range of different objectives, but for most businesses it usually includes reducing expenditure where possible, making better use of time and generally doing things in more efficient ways.

CI means identifying how resource planning and allocation processes can be done better. This may involve researching and consulting with others and seeking their feedback on the processes currently used. Once this information has been gathered, it needs to be analysed and reviewed and, where appropriate, changes to the current system need to be implemented.

Implement improvements

Improvements to the way in which resources are allocated and used can be documented in a formal report.

As part of the review process, improvements to the way in which resources are allocated and used within work practices may be identified. These improvement opportunities must be evaluated, documented as part of the reporting process and distributed to key stakeholders for consideration and approval before any changes are implemented.

Possible improvements to resource allocations may include:

- revising and improving policy procedures to clarify how resources are to be used by team members
- restricting the amount of resources allocated to individuals or teams
- developing and implementing clear resource usage procedures, such as standard operating procedures (SOPs)
- implementing more monitoring and supervision as part of an integrated system
- allocating additional resources to support improvements in operational performance
- acquiring a different type of resource
- changing suppliers to acquire resources at a better price, decrease lead times or obtain higher-quality products
- providing additional training and communication to support team members in understanding how to use the resources correctly.

The change process

Integrating improvements to resource planning practices is the most valuable part of the PDCA (plan–do–check–act) process because it means you are taking the right steps to address the issues at their root cause.

Once you have consulted with stakeholders and evaluated feedback from colleagues about resource planning and usage issues, you then need to integrate the improvements into the work team.

The aim of implementing an improvement is to prevent the same or similar issue from occurring again. Therefore, improvements must address the root causes of the issue in order to appropriately address the problems.

Root causes will relate to either the planning process that was undertaken or the way in which the resources were acquired and allocated to users. If you fail to address the root causes, the same issues will most likely continue occurring and will eventually escalate, causing greater problems within the work team.

Implementing change

Change can be difficult to implement because many people are resistant to change. Therefore, it is critical that you have all the relevant information in order to implement the changes within your work team.

Change can be daunting for team members, especially if they are not familiar with working in a dynamic organisation. In most workplaces there will be a large proportion of workers who have negative feelings when they are faced with change. Workers may experience anger, anxiety or depression.

Change management is about taking a planned approach to help people transition through a period of change. The success of any change usually stems from a manager's ability to provide team members with appropriate information and support.

Successful change management practices can be broken down into these steps, following Kotter's 8-Step Change Management model:

Step 1: Create the need for change	Identify the opportunities and threats of the change, and make sure that your staff understand what will happen if they do not change. Strengthen your argument by getting customers, stakeholders and industry people to reinforce what you tell your team.
Step 2: Prove that change is necessary	Identify the leaders and get them to support the process. Work on team building, and build on areas of weakness.
Step 3: Create a vision for change	Why change? Make strategies to execute the organisation's mission.
Step 4: Communicate the vision	Provide ongoing information to your team. They need to know when to expect the change, what their role in the change is and what impact it will have for them.
Step 5: Remove obstacles	If people are resisting change, find the cause of the resistance and help them see what they need to do. People usually resist change when they are insecure and do not know or understand what is expected of them.
Step 6: Create short-term wins	Give team members realistic targets. Reward people when they reach their targets.
Step 7: Build on the change	After every win, analyse what went right and how you can improve on the change. Keep ideas fresh and get leaders to actively contribute to the process.

Step 8: Anchor change in corporate culture	For change to stick, it must become a part of the organisation's culture.
	Create plans, recognise key members, tell success stories and include change when hiring and inducting team members.

Example

A supplier increases costs without notification

You may discover that a supplier has increased their costs without informing you, as in the following example.

At Longs and Co., the director notices the expenditure for the month's supply of A4 paper has suddenly doubled. He asks Jim Short, the office manager, to explain. Jim consults Peter, the accountant, and checks invoices from Remy Papers. It appears the regular supplier has increased their prices. In consultation with Peter, Jim decides to include all prices on every purchase order, with a note that he must be notified about any price changes or discrepancies to the stated price.

The resource coordinator, or the appropriate individual or team within an organisation, must keep each department informed about:

- disruptions to supply
- unforeseen price rises
- any change in suppliers
- alternative or improved products on the market
- problems with the supplier's manufacturing or delivery schedule.

Practice Task 11

Question 1

List three ways that resource planning processes can be improved.

Question 2

Which of the following statements relate to how to support employees when implementing improvements to work practices? Tick all that apply.

- ◯ Highlight the need for the changes
- ◯ Communicate the plan to managers only
- ◯ Focus more on the issues and less on the changes
- ◯ Allow workers to ask questions
- ◯ Celebrate successes together

4B Monitor resource use

Monitoring and reporting on resource usage ensures the organisation is aware of what stock and materials it has already, what resources it needs in the future and when it will need them.

The coordination and management of business resources is a process that involves determining resource requirements, including the regular monitoring of the resources an organisation holds and uses, acquiring and allocating resources in line with organisational as well as quality and quantity requirements, and monitoring and reporting on resource usage.

Although valuing the stock on hand and regularly checking the condition of equipment are important aspects of resource monitoring, it is also vital to evaluate whether resource planning methods continuously improve the way resources are identified, ordered and maintained. If properly done, a continual improvement approach will lead to cost savings and greater efficiencies in the way business resources are coordinated.

Implement monitoring processes

An organisation needs to monitor its resource usage and levels effectively to know when resources will be required in the future and to assess its performance in managing resources.

Effective tracking of resource usage enables the business to assess whether its actual resource usage has exceeded its budgeted usage. This facilitates greater cost control and an optimal usage of resources. Monitoring also helps identify issues early so they can be addressed without having negative effects on productivity, safety and business performance.

There are several methods you can implement to monitor the resources used by an organisation, including:

- the perpetual inventory system
- the physical inventory system
- fixed asset register
- stocktaking.

The perpetual inventory system

The perpetual inventory system enables a business to keep continuous records of all incoming and outgoing resources.

Whenever stock or other business resources are bought or sold or disposed of, business records are updated instantaneously to record these movements; this is called the perpetual inventory system.

This system can use stock cards to record stock movements, but most organisations now have a computerised inventory system that keeps up-to-date data on stock holding of various resources and can produce reports, as well as other tools that can be used to review and reorder resources where necessary.

The principle of the perpetual inventory system is that there is a record (or stock card) for every line of stock or resource. The balance of the record or on the cards should match the stock that is physically on hand at any given time.

There are many different computer packages available for computerised stock control. Some organisations develop their own registry using spreadsheet software such as Microsoft Excel.

The advantages and disadvantages of a perpetual inventory system are listed below.

Advantages
• The quantity of resources on hand is known at all times, and it is easy to advise anyone as to the exact level of present resources
• Reordering is more efficient because reports outlining resource quantities can be easily produced to indicate when resource levels are low
• Theft is controlled because losses or discrepancies are easy to identify
• The usage rate of each resource can be determined, which helps identify items that are fast or slow moving

Disadvantages
• There are high establishment costs in implementing the system and acquiring the accounting or logistics software required
• Extensive record keeping can be expensive and time consuming, particularly if a manual system is used

Stock management with a perpetual inventory system

With the perpetual inventory system, if a stock discrepancy is identified the inventory records need to be adjusted.

In a perpetual inventory system, a physical stock count must be performed at least once a year to reconcile the records with the actual stock on hand. If there is a discrepancy between the resource levels shown on the computer system and the physical stocktake numbers, the information in the computer system needs to be adjusted to accurately reflect what is physically on hand.

Most organisations have computerised some, if not all, aspects of resource management. This may involve a sophisticated software application dedicated to the industry.

Point-of-sale systems

A point-of-sale (POS) system, such as MYOB RetailManager, records retail sales at the point of purchase, which allows you to track and evaluate stock items in real time.

POS systems can be valuable in tracking resource movements. POS applications vary in sophistication and price, but most connect with a range of hardware peripherals such as barcode readers, docket printers, pole displays and electronic cash drawers. This means that with every transaction, the turnover, revenue and gross profit on each line of stock can be assessed in real time.

An advantage of these computerised systems is that they come with a purchase order system and alert you to low stock levels. The systems compare the performance of stock by item, range or supplier, as well as by a whole range of customisable criteria. They can identify which stock is slow, tying up the most funds and suffering consistent shortages or surpluses, as well as identifying stock usage and loss patterns.

The physical inventory system

In a physical inventory (or periodic) system, control of resources and stock is based solely on a manual count of the stock on hand.

A physical inventory system does not involve keeping continuous records of stock. Physical inventory systems can be cost-effective and useful in smaller businesses that carry limited stock items. The system is based on a manual counting system, with the only documents that provide a record of stock movement being purchase orders, invoices and delivery dockets.

Because manual counting is the only way to tell whether new stock is needed, it is common to count the resources on hand frequently. For stock, this may mean manual counting on a weekly basis.

The advantages and disadvantages of the physical inventory control system are listed below.

Advantages	- It is easy to use - It is inexpensive to establish - Slow-moving lines are easily identified
Disadvantages	- The time involved if stocktakes are required frequently - The time needed to check documents such as invoices, delivery dockets since the last stocktake to obtain accurate stock figures - Resource levels cannot be determined instantaneously: a manual count or stocktake is required

Fixed asset register

A register can be kept of all of the organisation's fixed assets, which may represent some of its largest and most important resources.

Fixed assets are large-cost items that need to be tracked for taxation purposes, such as depreciation and disposal price. Examples of fixed assets include production machinery and equipment, motor vehicles and information technology and equipment. Tracking of fixed assets provides a management option to identify the age of resources and support asset replacement programs.

A fixed asset register shows how fixed assets can be accounted for and managed in a simple way. This sort of register could be set up electronically as a spreadsheet or even as a simple table to allow your organisation to monitor the usage of its fixed asset resources.

If a fixed asset is to be resold, then its stock code should be amended; for example, a 're-sale' prefix may be added to the existing code. By using this method, the product description is not lost, but any item for re-sale can be easily identified.

Example

Fixed asset register

Item description	Quantity	Cost per unit	Total cost	Date purchased	Reorder quantity/ trigger	Located
Equipment						
Hewlett Packard laser printer	1	1,200.00	1,200.00	03/08/19	2,000,000 printouts/ pages	Central office
Hewlett Packard desktop colour printer	1	489.00	489.00	03/02/20	1,000,000 printouts/ pages	Publication office
Canon photocopier	1	4,630.00	4,630.00	10/04/20	5,000,000 printouts/ pages	Central office
Projector	1	590.00	590.00	04/09/19	As required	Boardroom
Hewlett Packard computer	10	2,500.00	20,500.00	03/08/19	New model released 30/6/14	General
TOTAL			27,409.00			
Motor vehicles						
Toyota Corolla	4	6,238.50	24,954.00	25/06/20	Each vehicle replaced at 120,000 km	Sales department staff
TOTAL			24,954.00			

Furniture

Corner work stations	5	599.00	2,995.00	05/05/20	As required	General
Desks	15	433.33	6,500.00	04/09/19	As required	General
Hipoint reception desk	1	415.00	415.00	05/05/20	As required	General
Igloo chairs	23	150.00	3,450.00	04/09/19	As required	General
3-drawer filing cabinets	3	586.00	1,758.00	08/04/20	As required	Accountant's office
TOTAL			15,118.00			

Physical stocktake

A stocktake involves manually counting all stock that is of value and recording the item, as well as quantities, into a register.

No matter what type of resource monitoring system the organisation uses, it is important to do a manual stock count periodically. Ideally, the system records should match the amount of stock physically on hand.

Large organisations may use a software package, such as MYOB RetailManager, to facilitate the monitoring of resources, whereas smaller organisations may have developed their own resource registry using a spreadsheet package such as Microsoft Excel or Microsoft Access. The advantage of a computerised package is that it enables the business to run a stocktake on individual items, groups of items or parts of the business at any time. However, from time to time it is also necessary to perform a physical stocktake.

Many organisations use five basic components to identify different resource items, as outlined below.

Name or code	The name of the item.
	The name may be coded according to the type of computer program used in the business. The name often links the supplier to the user in the purchasing chain. The name must be clear to prevent duplication caused by a variety of similar items.
Stock number	The stock number enables quick identification and reference for each unique resource item.
Precise description	A description of the characteristics of the item.
	This will vary in complexity and detail depending on the nature of the item and the quality required.
Classification	The means by which items are grouped for purposes of effective management and accounting procedures.
Stock price	Stock price is usually only recorded for resources re-sold by the business, such as stock.
	For other resources, such as photocopiers or production machinery, the cost to the business of the item is recorded.

Example

The process of quarterly stocktaking

Freya is the office manager at Aussie Toys & Gifts. The store imports soft toys and novelty items that are sold to retail outlets such as florists. The store's novelty items are also popular in showbags. Each financial quarter, Freya places an order with one of several suppliers in China. When the goods are received, her team updates the ledger on their customised database. Each time a packing slip (sales order) is raised, stock levels are automatically adjusted.

When stock levels reach a certain level, Freya is reminded to reorder by reports produced by the database, and she places a purchase order with the preferred supplier. She also has the option to transmit electronic orders automatically to the supplier once the economic reorder point is reached.

At any given time, Freya can print out a report on any item in the factory and trace its history. Freya also organises an annual stocktake to match a physical stock count with computerised records.

Sometimes the physical count may be different from the records produced by the computer system. There may be a stock loss (less stock than stated) or a stock gain (more stock than stated).

When there is a discrepancy between the actual resources physically counted and the amount recorded in the computer system, the records in the computer system must be updated to show the correct figure.

Differences in recorded and actual resource numbers are usually caused by:

- theft
- breakage or other damage
- deterioration of the resource
- errors in recording incoming or outgoing resources
- failure to check or reconcile incoming resources against a delivery docket or invoice
- out-of-date or superseded resources that have to be discarded or sold at a lower cost.

Example

Resource identification components

The following example demonstrates how resources are identified by a clothing company.

Stock code	Stock number	Stock description	Classification	Price/ cost ($)
TPROA1 6LPTSNLN	15	Trackpants Nylon Royal Lined	Adults trackpants size 16	25.00
TPROA1 6LPTSNLT	16	Trackpants Taslon Royal Lined	Adults trackpants size 16	25.00
TPROA1 6LPTSNUN	17	Trackpants Nylon Royal Unlined	Adults trackpants size 16	19.50
TPROA1 6LPTSNUT	18	Trackpants Taslon Royal Unlined	Adults trackpants size 16	19.50
TPROA1 6LPFLXX	19	Trackpants Fleecy Royal	Adults trackpants size 16	17.50

Identify faults

Equipment faults are common in the business services sector. It is important that you are able to identify and report equipment faults to ensure that you can take the best action to get the equipment repaired as quickly as possible.

Common issues relating to hardware resources include paper jams, poor print quality, total power failures, software malfunctions and equipment hardware issues that may cause an injury to users.

Never ignore an issue or faulty piece of equipment. If you notice something is not working as it should be, attend to the problem immediately as long as it is safe to do so. This may involve replacing the consumable (toner or drum) or clearing any trapped materials, such as a paper jam.

If there is a technical fault, you will need to report the issue immediately to either a supervisor or an IT support person so the piece of equipment can be fixed or replaced as soon as possible.

Faults in equipment can be picked up by:
- checking the speed and quality of the work that the equipment is performing - checking repairs have been carried out - asking for feedback from work colleagues who use the equipment - regular safety inspections - routine checks and tests of equipment.

Report faults

Faulty hardware and equipment will need to be reported to the relevant person as a matter of priority to reduce effects on productivity and safety.

When you identify a faulty resource, you will often need to provide a number of key details to correctly report the issue to the relevant person.

> **Key information that needs to be reported can include:**
>
> - the name, make and model of the equipment
> - the location of the equipment, such as the address of your office, floor number and location in the building where the equipment is located
> - the date and time the fault was found
> - the nature of the fault
> - any troubleshooting that has been done to try to fix the problem
> - possible causes
> - the level of importance that the equipment be fixed.

Practice Task 12

Question 1

Draw a line to match the following monitoring methods with their correct descriptions.

» Stocktake

» Physical inventory system

» Fixed asset register

» Perpetual inventory system

» A document that maintains a record of the organisation's most expensive resources, such as motor vehicles, machinery and production equipment

» Using a computer-based inventory system or hardcopy stock cards to keep track of incoming and outgoing resources

» A periodic system used to control resources based on a manual count of the stock on hand; it does not involve keeping continuous records of stock

» A process of manually counting all stock that is of value and recording the item, as well as quantities, into a register

Question 2

Outline the main purpose of monitoring resource usage and allocation.
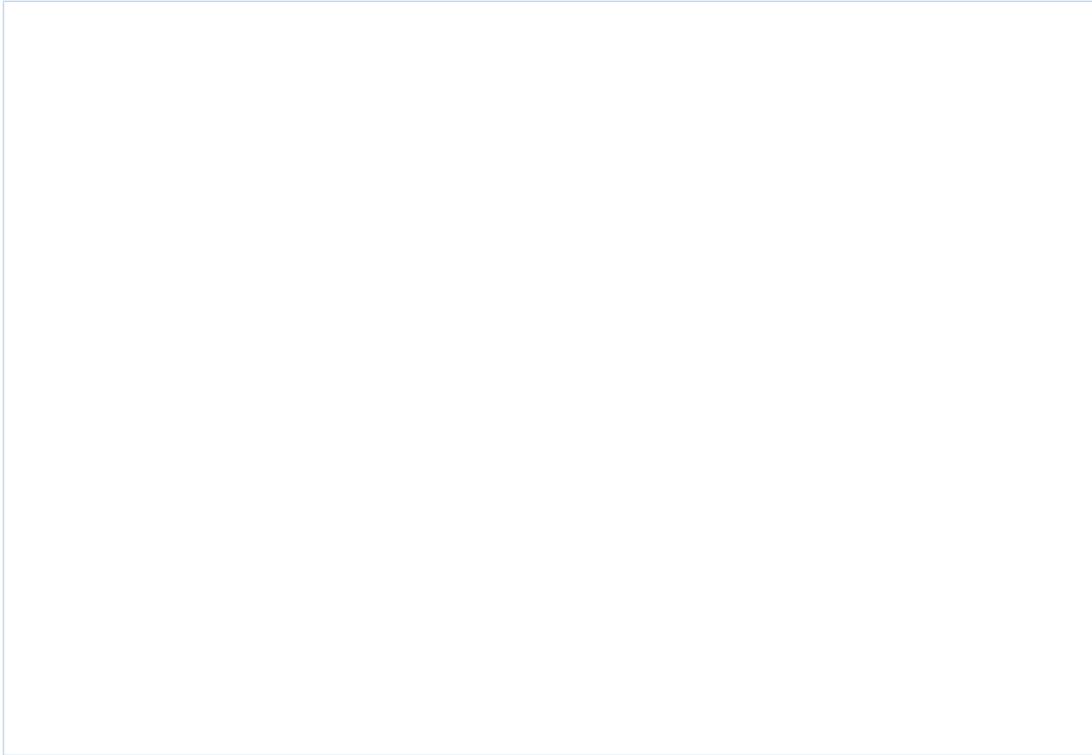
4C Maintain records

Keeping a record of the stock and equipment the organisation purchases, hires and leases is important to maintain evidence of all purchases.

Under taxation and consumer laws, all organisations must keep documentation such as receipts, invoices, leasing contracts and purchase orders to monitor their business activities. These records form important evidence that a business transaction has taken place, which is needed when claiming refunds, returning goods or for quarterly and end of financial year tax purposes. Records are also kept to monitor usage rates and identify the resources currently in stock.

Although organisations differ as to the type of records they keep, most have specific requirements as to what should be documented, as well as how and for how long records should be stored and filed.

Resource records

One of your responsibilities may be to know the types and quantities of resources on hand at any given time.

Records of resources need to be retained under organisational policies and procedures. Resource lists such as stock cards are an aid to stock monitoring and can be collated and evaluated to prepare a stock report on any item at any time. Alternatively, maintaining an up-to-date computer database using the perpetual inventory system means resources on hand can be assessed at any given time.

You may be required to regularly report on resource usage, perhaps by department or, in some cases, by employee, as well as to provide a comparison of usage, projected usage and estimated requirements.

The types of records organisations use vary depending on their requirements, the kind of resources they need to monitor (raw materials, finished products for distribution, office supplies, etc.), the size of the organisation and the amount of money they are prepared to invest in their inventory management systems.

The records and information kept may include:
- computerised or manual data   - financial statements   - lists of stock and inventory control reports   - purchase orders   - invoices   - quotes   - maintenance schedules for equipment   - order forms   - petty cash forms   - supplier lists and alternative sources for items   - prices of goods (preferably with a cost breakdown)   - quality levels   - availability   - terms of trade.

Resource usage reports

Resource usage reports provide important information as to how much of a resource is being used by the workforce.

Depending on the degree of computerisation in your organisation, you should be able to obtain records from your computer system for a range of resource usage reports and records.

Specific stock reports include:
- current stock levels   - stock movements   - goods received on any given day or week   - prices by grade   - returned goods by supplier.

Information systems and records

Information systems can provide valuable insight as to how much of the organisation's resources are being used.

Organisational systems form an important part of the operational structure and information management of a business. The following points look at how more commonly used information systems can help organisations keep records on resource purchases and resource levels.

Computerised resource management
- Most organisations with any reliance on physical stock make use of powerful computer-based IT systems that provide users with a wealth of information that help them plan for, manage, allocate and keep records on resource purchases and levels.   - As long as the system is set up and kept up to date, these systems can provide real-time data on stock holdings, generate reports on ordering trends and help anticipate future use of different resources.   - Without these computer systems in place, many organisations would not be able to manage stock levels as effectively as they do and could not have production planning systems in place or just-in-time stock management programs, which can lead to significant cost savings.
Resource reports and lists
- Resource reports and lists are usually generated by the types of computer systems discussed above and are aids for management and staff to understand what resources are required for future use.   - Lists of resources help identify which items are at risk of being over- or under-stocked, and can help managers and staff effectively manage resource levels and ranges.   - In the absence of a computer-generated list, manual resource lists can also be compiled showing the item in stock and the quantity on hand at any given time.

Example

Stock report

The following example is a computer-generated stock report that informs the business manager at Fashion Statements of the location of its fabric. At any given date, the manager can ascertain how many rolls of fabric and collars are at each of the organisation's warehouses.

Fabric colour	Perth warehouse			Broome warehouse		
	Rolls of fabric	Collars	Date purchased	Rolls of fabric	Collars	Date purchased
Purple	7	200	04/05/20	10	700	03/05/20
Lemon	10	150	03/05/20	15	1,050	04/05/20
Navy	7	20	04/05/20	20	1,000	03/05/20
Royal	14	300	04/05/20	20	1,000	03/05/20
Cream	7	20	05/05/20	15	1,400	05/05/20
White	10	80	06/05/20	17	1,350	05/05/20
Natural	10	–	06/05/20	15	350	06/05/20
Gold	7	20	07/05/20	30	1,500	07/05/20

Taxation requirements

As in all other aspects of business, records relating to business purchases must be kept for a certain period of time under Australian taxation laws.

Records of any business purchases must be retained for at least five years, and often longer, depending on the asset or purchase. The Australian Taxation Office (ATO) requires that records be kept for at least 5 years, although some records carry longer retention periods. Some of these records may be stored as computer files. They can then be protected by passwords and other computer security measures while still being easily accessible by authorised persons, and back-up is easy.

Keeping accurate records of business purchases will help with the following:
- providing evidence of income and expenses   - preparing tax returns   - claiming entitlements   - reducing the risk of tax audits and adjustments   - improving communication with the ATO   - resolving issues relating to disputed assessments or adjustments   - avoiding penalties.

Resource transaction data

Resource transaction data includes records of purchase orders, order forms, quotations received and invoices issued.

Resource transaction data can help managers and staff retrospectively understand how needs for various resources were fulfilled. These records can also help identify where improvements can be made and act as a check that actual orders and usage closely reflect what was forecast.

Maintenance schedules for equipment

Most machinery and equipment used in offices or manufacturing facilities have regular maintenance schedules.

If equipment suddenly requires more than normal servicing or seems to be breaking down a lot, this may signal that it is time for that particular resource to be replaced or to have a major service. The costs of service calls and replacement parts can be very large for an organisation, and may affect cashflow if scheduled services and maintenance calls are factored into the organisation's financial plan.

Records should be kept of major equipment items that require regular maintenance. These records should include a service history, when the next service is due and the details of the person or company responsible for carrying out the service. Records should be maintained for computers, photocopiers, printers and other plant and equipment requiring regular maintenance. By keeping reliable, up-to-date and accurate records, relevant details can be supplied when requested.

Organisational requirements

Organisational policies and procedures detail the records and documentation that need to be completed, how the information should be stored and the period of time it should be kept.

Records and reports on resource usage, faults and maintenance should be kept in accordance with the policies and procedures of your organisation. Policies and procedures should also clearly state who has authority to access these records and documents.

These guidelines ensure performance-based records are retained according to relevant confidentiality and privacy legislation.

There is also an Australian and International Standard for records management (AS ISO 15489.1:2017 Information and documentation – Records management Concept and principles) that may support the development of your organisation's resource policies and procedures. This standard provides guidance on creating records, policies, procedures, systems and processes to support the management of records in all formats.

Practice Task 13

Question 1

What types of information is contained in resource usage reports?

Question 2

How can resource usage reports facilitate the monitoring of resource usage?

Question 3

Which of the following organisational requirements should be followed to effectively maintain and monitor business resources? Tick all that apply.

○ Equipment maintenance schedules must be kept up-to-date with information about past services, next scheduled service and service provider.

○ Records of business transactions and tax invoices must be kept for 5 years to comply with tax obligations.

○ Records of employee allowances do not need to be kept.

○ Inventory stocktake must be conducted every 18 months.

Summary

- As part of the review process, improvements to the way in which resources are allocated and used within work practices must be identified and implemented as part of the CI process.

- Improvement opportunities must be documented as part of the reporting process and distributed to key stakeholders for consideration and approval before any changes are implemented.

- Change can be difficult to implement because many people are resistant to change. Therefore, it is critical that you have all the relevant information in order to implement the changes within your work team.

- Monitoring and reporting on resource usage ensures the organisation is aware of what stock and materials it has already, what resources it needs in the future and when it needs them.

- There are several commonly used methods for keeping track of the resources used by an organisation, including the perpetual inventory system, the physical inventory system, fixed asset register and stocktaking.

- Equipment faults are common in the business services sector. It is important that you are able to identify and report equipment faults to ensure that you can take the best action to get the equipment repaired as quickly as possible.

- Keeping a record of the stock and equipment the organisation purchases, hires and leases is important for maintaining evidence of all purchases.

- Follow your organisational policies and procedures that detail the records and documentation that need to be completed and retained.

Learning Checkpoint 4
Improve resource allocation and usage

Part A

1. Which of the following statements are correct? Select 'Yes' or 'No' for each one.

    a) Improvement opportunities should not be evaluated before they are implemented into work operations. » Yes   » No

    b) It is important to consult with key stakeholders before implementing changes to resource plans and processes. » Yes   » No

    c) Resources must be monitored as part of a once-off process to determine whether there are any changes that need to be made to resource planning and allocation processes. » Yes   » No

    d) Successful businesses seek to improve all aspects of their operations as part of the continuous improvement process. » Yes   » No

    e) Managers can use Kotter's change process to introduce new methods and systems into work operations. » Yes   » No

2. List five types of records you will need to retain relating to equipment and resource purchases.

Part B

Read the case study below and answer the questions that follow.

Case study

Johan is the operations manager for a medium-sized screen-printing and embroidery company; he reports to the general manager. The organisation specialises in producing a range of customised sporting apparel, including shirts, hats, jumpers, pants, shorts and socks that include the unique colours and logos of their clients' sporting clubs.

Three months ago, the organisation introduced a $15,000 state-of-the-art sublimation machine into the production line, which it purchased from an interstate supplier. The machine uses heat and pressure to transfer designs onto the garments and is unique to the workforce. Once the machine was introduced into operations, each production worker received a 60-minute demonstration and training support program.

The primary aim of the machine was to increase efficiency for the production workers and reduce the amount of consumable materials, such as dye ink used for printing, which is one of the business' greatest resource expenses. Johan is about to conduct a formal review to determine exactly how the new machine has benefited the businesses since it was introduced 3 months ago.

1. Describe a method that Johan can use to identify the amount of consumable materials, including dye ink, used since the new sublimation machine was introduced.
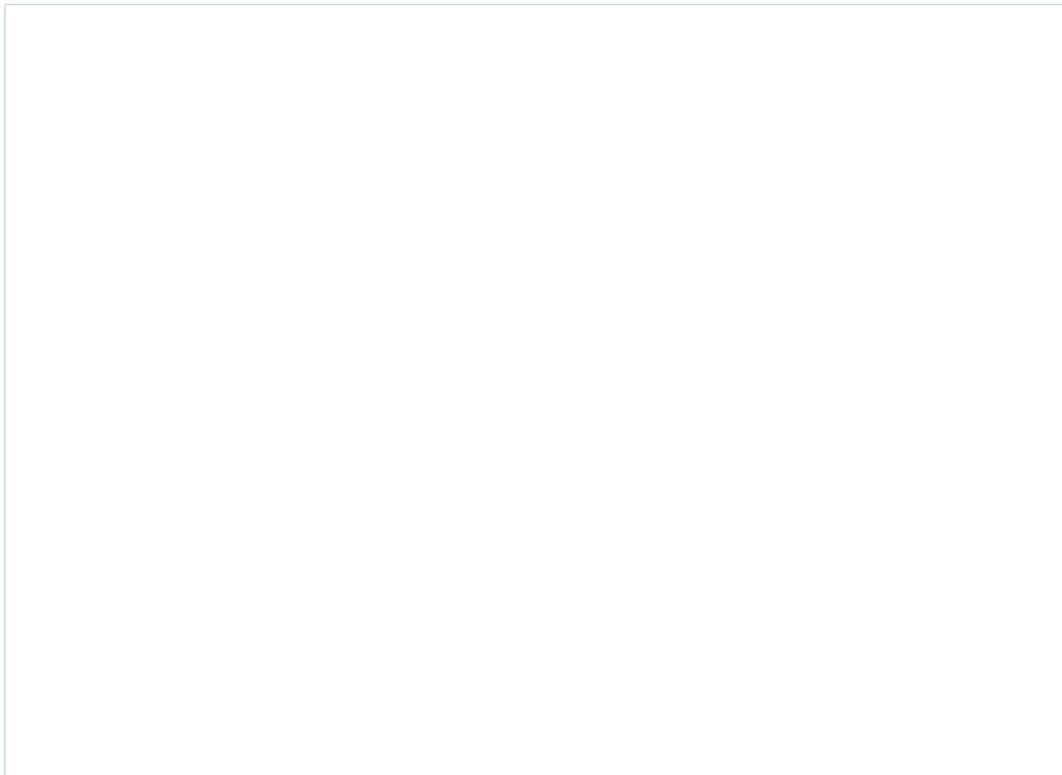
2. Based on Johan's review, the amount of consumables used increased by 8%. Johan also identified that user errors increased by 9% since the machine was introduced. What improvements can you suggest for Johan to improve on these figures?

3. Explain what information Johan needs to report to the general manager and how he must present his recommendations.