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1A

Estimate business resource needs

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



Categories of business resources

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

Facilities

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

Equipment

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

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

Example: fixed assets registry

Here is an example of a fixed assets registry.

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

Perpetual inventory system

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

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

Last in, first out (LIFO) method

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

Example: application of the LIFO method

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

LIFO table

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

Average cost method

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

$$(\text{Cost of goods in store} + \text{Cost of purchases}) \div \text{Total units on hand} = \text{Unit cost}$$

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

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2. Describe other information sources you could use to find out about organisational resource requirements.

3. List the resources that are commonly required by staff at your organisation, or an organisation you are familiar with.

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

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

Ways information may be presented

A summary with the main points highlighted and recommendations made

A full report with headings, advantages and disadvantages of each option, a comprehensive list of suppliers and costs, accompanying tables and charts

A table that compares quotes, costs, time lines for delivery and other factors

A brief list with bulleted points of current and future resource requirements, potential suppliers, recommendations and quotes

Tips for presenting information

Here are some tips for presenting information well:

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



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

Summary

1. Business resources are the stock, facilities, equipment and staff an organisation needs to fulfil its business aims.
2. An organisation calculates its resource needs according to its specific requirements.
3. An organisation needs to estimate its current and future resource requirements in order to operate competitively in its industry.
4. Periodic and perpetual stock accounting systems record levels of stock available and used.
5. First in, first out (FIFO); last in, first out (LIFO); and average cost are techniques for valuing inventories.
6. Information on purchasing resources needs to be based on the most economical and effective choices of equipment, materials and suppliers.
7. Advice given about the purchasing of resources needs to be clear, concise and relevant to achieve organisational requirements.
8. When presenting advice about resources, make sure it is accurate, sufficient and written in plain English.
9. Preventing stock shortages ensures the smooth running of an organisation.

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

Part B

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

Case study

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

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

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

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

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

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

- a) Work out your overall budget.

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

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

Example: incident report

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

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

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

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

WHS delegation recommendations:

- Purchase trolleys for the warehouse floor to move heavy items.
- Purchase an electronic lifting device to store goods above shoulder height.
- If boxes weigh in excess of 20 kg, have employees lift them in pairs.
- Retrain employees in safe lifting techniques.



Practice task 5

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

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

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

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

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Example: use spreadsheets to monitor resources

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

Use personal schedules to monitor resources

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



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

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

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

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



2C

Consult with individuals and teams to allocate resources

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

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



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

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

Negotiation

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



2D Follow organisational policies for resource use

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

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



Organisational policies for resource use

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

Time management

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

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

Transport and travel

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

Practice task 8

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

Case study

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

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

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

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

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

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

3. Why is time management important when ordering resources?

Learning checkpoint 2

Monitor resource usage and maintenance

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

Part A

1. Workplace health and safety is about preventing death, disease and injury caused by workplace incidents. Choose a resource used by the organisation you work for or one you have researched. In half an A4 page, describe how that resource should be handled to prevent death, disease or injury.



Part D

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

Case study: hazardous materials policy

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

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

2. How should waste be prepared for disposal?

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

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



Acquire cost-effective resources

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

Cost-effective ways of acquiring resources include the following.

Bulk purchasing

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

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

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

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

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

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

Example: tender process

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

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



Non-tender process

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

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

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

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

Contracted supplier ordering process

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

Practice task 12

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

2. How do supply contracts benefit an organisation?

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

Case study

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

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

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

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