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# Contents

<b>Before you begin</b>	<b>vii</b>
<b>Topic 1: Determine resource requirements</b>	<b>1</b>
1A Determine the organisation's resource requirements	2
1B Consult with individuals and groups on resource requirements	16
1C Ensure realistic resource expenditure within available budgetary resources	23
1D Make recommendations on resource requirements and expenditure	31
Summary	37
Learning checkpoint 1: Determine resource requirements	38
<b>Topic 2 : Acquire and allocate resources</b>	<b>41</b>
2A Acquire required resources	42
2B Check resource purchases for quality and quantity	59
2C Allocate resources promptly	62
2D Consult with others to facilitate resource allocation	65
Summary	69
Learning checkpoint 2: Acquire and allocate resources	70
<b>Topic 3: Monitor and report on resource usage</b>	<b>75</b>
3A Measure the effectiveness of resource planning systems	76
3B Develop and implement systems to monitor resource usage	85
3C Identify improvements in resource planning	92
3D Maintain records of equipment and resource purchases	97
Summary	101
Learning checkpoint 3: Monitor and report on resource allocation and usage	102

Business resources may include:

- technological equipment and software
- stock and supplies
- environmental resources
- training materials
- materials for the refurbishment of business premises
- fixed assets
- plant and machinery
- workplace health and safety resources
- human resources
- business location or premises
- raw materials.

## Technological equipment and software

Technological equipment such as computers, printers, scanners, phones (mobiles and landlines), fax machines, teleconferencing equipment, cash registers, photocopiers, laminators and projectors are commonly used in many organisations.

It is vital that organisations continually monitor whether their IT equipment needs to be upgraded given today's changing business environment; even relatively new equipment can quickly become outdated or obsolete.

Companies also need appropriate backup facilities such as servers or external hard drives for individual PCs or teams. If efficient access to email and internet is a priority, hardware and software such as cabling, wi-fi, modems, firewalls and internet security software is also required.

The difference between hardware and software is shown here.

### Hardware

Information technology in the form of computers and related business equipment often accounts for a large part of an organisation's resources. This includes desktop and notebook computers, printers, scanners and digital cameras. Hardware is classified as office equipment and is usually a fixed asset.

### Software

Many businesses use sophisticated software packages for a variety of purposes. These include desktop publishing, electronic presentations, client management, accounting, monitoring stock and resources and to complete administrative tasks.

## Plant and machinery

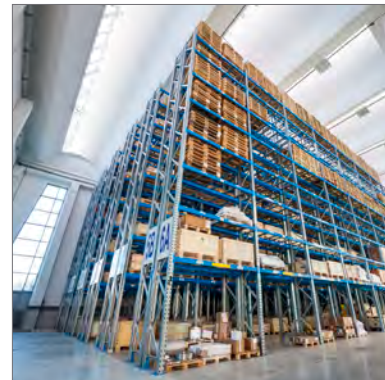
Plant and machinery comprises all of the tools, machines and equipment in an organisation including fittings and accessories. Plant and machinery requirements, like all resources, depend on the nature of the business. For example, plant requirements in a printing business include a printing press, collator and scanner. Plant and machinery requirements at a large car manufacturer include presses, robots, spray-painting machinery, drills and equipment such as forklifts.

Resource items for staff may include the following:

- desks, tables, chairs, partitioned cubicles, meeting rooms, offices
- carpets and floor coverings, including those required for safety purposes such as non-slip tiles for wet areas
- filing cabinets, bookcases or shelves to house paperwork, books, magazines, reference materials, samples and product displays
- stationery, including paper, pens, notebooks, printer cartridges and other consumables regularly used by staff
- reception furniture such as a desk, seats, brochure racks, magazines, sign-in book and switchboard
- lunchroom and kitchen facilities, including seats and tables, a fridge, coffee and tea-making facilities
- specialist equipment such as light boxes or mobile whiteboards that help staff complete their jobs more effectively
- items that are not linked to any specific task but create a pleasant and productive workplace such as artwork
- noticeboards for staff messages and information.

## Storage space requirements

This could mean something as small as a cabinet in which printer cartridges are kept or something as large as an off-site warehouse in which raw materials and finished stock are stored prior to processing and dispatch. Like all resources, the needs of individual organisations will dictate the style and size of storage requirements.



## Accessing materials

If your organisation is purely service-based, then your raw materials will be minimal. However, if your organisation is involved in the production of an actual item, then you will need to purchase raw materials to enable you to produce your finished product. Purchase of raw materials can be a substantial cost for production businesses.

In contrast, imagine your office space needs to be redesigned to house more staff or to make working conditions more pleasant. The materials and other costs associated with refurbishing a workplace need to be taken into account when planning and anticipating future resource requirements. However, unlike the regular purchase of raw materials, these costs are more irregular and can possibly be scheduled to suit times when other costs within the organisation are lower.

## Procedures and processes for ordering resources

Current organisational procedures and processes for ordering resources can have a significant impact on the type and quantity of resources required by an organisation, as well as the manner in which resources are ordered.

You need to be familiar with the requirements of your organisation and follow the designated procedures correctly.

## Organisational and legislative requirements

You must be aware of legislative requirements that impact on your role. These may include occupational health and safety legislation and policy, privacy laws, industry codes of practice or environmental factors. Do not overlook ethical principles that may enhance your dealings with people in your own organisation, as well as with external suppliers.

Coordinating business resources may be the responsibility of a number of different people within an organisation such as staff in purchasing, human resources, logistics or accounts, as well as line and specialist managers. This unit assumes the learner has no specialised knowledge of these functions and seeks to provide a broad overview of the functions involved so, on completion, learners have the knowledge to manage this important business function effectively.



## WHS requirements

When identifying the types of resources needed by an organisation, you also need to consider relevant work health and safety (WHS) issues. All organisations are subject to legal requirements they must follow closely. These commonly include WHS guidelines and laws, and accountancy and finance-based regulations that govern the way an organisation runs, pays employees and provides for them in other ways. Your organisation's WHS requirements may be specified in its workplace policies and procedures.

WHS requirements in particular have an impact on resources needed by an organisation. This may mean supplying protective clothing and equipment; providing training on how to use machinery and tools; using materials that result in a safe workplace; providing for comfortable and safe workspaces and tools to make workplaces accessible and safe for people of various abilities.

Below are some office items that may need attention to be safe for their users.

Office items that need to conform to WHS policies may include:

- furniture must be ergonomically designed (eg adjustable chairs for to minimise stress-related injuries)
- mouse pads with moulded wrist rests
- wrist rests for keyboards
- copy holders (to hold papers in a comfortable position for viewing)
- footrests to position feet comfortably
- angle boards (to support reading material and ensure comfortable reading)
- desk lamps
- anti-glare computer screen filters

## Example: a committee organises a company's annual event

A committee that organises Brown & Co's annual family Christmas party has a budget of \$2,000. Representatives from different parts of the company get together for a few months prior to Christmas to talk about ideas, get quotes for various activities and decide on resource requirements. On several occasions, they consult the office manager, Neridah, who clarifies purchasing processes and advises on different suppliers that have been used in the past.

Once the plan for the party is set and a corresponding list of resource requirements has been priced and agreed upon, the committee chair has to present this information to the company's management team, whose role it is to approve the plan and release the money for resource acquisition.

## Suppliers

Consulting with suppliers can be important if the success of the product or service they are supplying to you is reliant on a particular resource being available.

Many organisations have close relationships with suppliers, whose input is vital because they have expert knowledge of their products and services that no one else can provide.

Suppliers may also need to be consulted at various stages in order to clarify information on the products or services they provide, as decisions on resource requirements are being made. Here are some examples where suppliers needed to be consulted.

### Training needs

A company hired to train staff on fire and first-aid safety needs to be asked what sized area they need to conduct their training in so a large enough meeting room can be booked in advance.

### Catering needs

A caterer needs to be asked what size platters they will provide to a special corporate event so the company can ensure that adequate refrigeration is provided.

### Building designs

A manufacturer of custom-built doors and windows is asked by your organisation to provide feedback on various architectural plans as well as their opinions on the best door and window materials available for different types of buildings, client needs and situations.

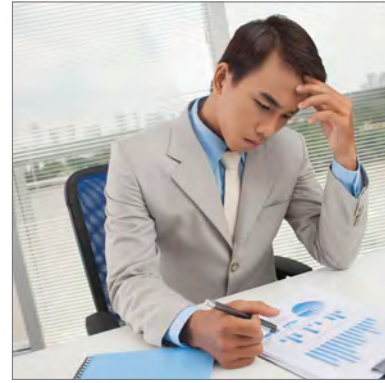
## The resource budget

Be aware of your organisation's budget allocations for stock and supplies so you can source and order material and equipment within the allotted price range. Work groups also have their own budget allocations and the acquisition of resources needs to comply with these requirements.

One of your considerations will be to balance the differing demands of various areas of your organisation. Budgets often mean compromise, but it is important to look at value rather than price, as the cheapest is not always the most economic.

Every organisation has a different process for setting budgets and will have different procedures that staff and managers will need to follow as they identify the cost of various resources, propose which resources should be purchased with budgeted funds and access these funds when these resources are being purchased.

Ensure that you are aware what these processes are and be familiar with paperwork and 'sign-off' procedures as well as which staff members need to approve any recommendations.

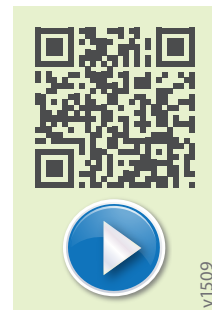


### Example: purchasing policy that emphasises value over price

A company that imports Scandinavian food and specialist products, has a purchasing policy that emphasises value over price. Their purchasing officer, Christian, tells us more:

'We try and minimise our costs wherever we can, but sometimes that means paying more for something! For example, we recently requested quotes for shipping services, which is one of our major costs, given that we import container loads of products from Scandinavia every month. Our request for quote documentation asked for a price as well as information on the support services each company provides. We found that one of the high-priced quotes actually delivered the best value, as they provided a great service in the way of import clearance documentation and processing, which actually meant cost savings for us, even though their quote was quite a bit higher than other companies that didn't offer this service.'

'It always pays to find out what companies are willing to do to help you and make sure they understand that your focus is on value and not just price and you'll get a better quality service every time.'



## Cost control strategies

Like many organisations, your company may have in place a series of cost control measures or steps designed to manage or reduce expenditure on certain items.



## Novated leases

Straight leasing arrangements or corporate hire purchase options may not suit all businesses. A common alternative option is the novated lease, which enables the employee to lease a car of their choice using a finance lease. The employer pays the lease payments directly to the financier, while the employee enjoys the full benefits of the car. The process involved is shown below.

The process involved with taking up a novated lease	
The employee chooses the car and leases it from the financier under a finance lease	
The employee sub-leases the car to the employer under an operating lease	
The employer and the financier enter into an agreement, which makes the employer responsible for meeting the lease payment to the financier for the time the employee works for the company (called a deed of novation)	
Monthly lease payments are subject to 10 per cent GST; therefore, the employer can claim them as an input tax credit.	

## Benefits of novated leases

There are many benefits to both the employer and the employee when a novated lease agreement is negotiated. The following table outlines these.

Benefits of a novated lease agreement	
Benefits to the employer	Benefits to the employee
<ul style="list-style-type: none"> <li>• Tax deduction for lease payment.</li> <li>• Should the employee leave, the car is no longer the employer's responsibility.</li> <li>• Employer's single obligation is to make monthly lease payments.</li> <li>• Administration is relieved of cost burden related to acquisition and disposal of car.</li> <li>• Direct debiting of monthly payments can be arranged, saving time and money.</li> </ul>	<ul style="list-style-type: none"> <li>• Freedom to choose the car and be the registered owner.</li> <li>• The ability to transfer (novate) the lease to a new employer.</li> <li>• Unrestricted private use at a pre-fixed and controlled cost.</li> <li>• Cash savings through the utilisation of pre-tax salary (salary sacrifice) option.</li> </ul>

## Outsourcing and subcontracting

Many organisations outsource tasks to specialists such as printing, desktop publishing and design. Through outsourcing, an organisation saves time by not purchasing the necessary materials and equipment but may incur higher labour costs. In the case of service outsourcing, many organisations are prepared to pay slightly higher labour costs because they contract the supply specialist services to experts.



### **Purchasing department**

Personnel in the organisation's purchasing department may need to approve all resource purchases, even minor purchases, or may seek your recommendation on specialist items, depending on your organisation's purchasing procedures.

For instance, you may need to present a recommendations statement that shows how you managed the competitive quoting process for the purchase of new staff uniforms.

### **Line management/supervisors**

Line managers or supervisors may require you to provide written recommendations on proposed resource acquisitions or to present information in a way so they can make a decision or approve the recommendation you have made on larger items.

### **Senior management/organisational committees**

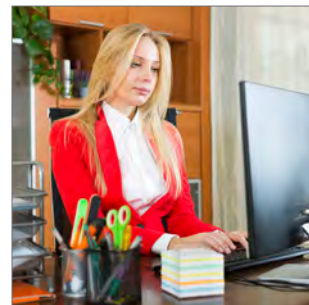
The organisation's senior management or specialist committees often need to review a recommendation on resource acquisition after a formal presentation or after reading a report, as well as sign off and approve recommendations for purchases of large items such as a new packaging machine, fleet management services or a new company-wide computer software system.

## **Example: communication between the office coordinator and other staff**

Anastasia is the office coordinator at a vineyard. She is responsible for managing the purchasing process for all of the items the vineyard requires, including raw materials. She tells us that the way she handles this depends a lot on who is doing the asking and who has to approve the purchase.

'If one of the factory staff need a new safety vest or pair of gloves, I just point them in the direction of the cabinet we have at the back of the factory and show them how to sign out items they take. It's easy! On the other hand, if Paul, the operations manager, tells me he needs a new bottling machine, it's a whole different story.

'If that happened, I'd need to meet with Paul to find out exactly what he needs and then do a lot of research on various machines based on his advice and knowledge. I would then source quotes and even get providers to come in and talk to both of us about their equipment.



*continued ...*



## Practice task 4

Imagine you intend to engage a caterer for a workplace lunch. Use this template to write a memo requesting written approval from your supervisor to use the services of a caterer. Describe three catering quotes you have received and briefly explain which of the three you believe is the most appropriate. Remember to consider your audience and use an appropriate language style.

**Organisation name:**

**Organisation address:**

**Ph:**

**Fax:**

**Email:**

### **Memorandum**

To:

Position:

From:

Position:

Date:

Subject:

## 2A

## Acquire required resources

When acquiring resources, you need to follow your organisation's established procedures or guidelines which should be clearly specified. This may involve sourcing quotations, 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 form(s) 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.

### Organisational requirements

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 here.

Buy outright
Purchase a fax, computers, printers, stock, office furniture outright.
Tender
Vehicles or plant machinery might 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 might be maintained and serviced according to a flat hourly charge.
Hire
Extra computers, training equipment or machinery might be hired for a specific project.
Lease
Company vehicles, photocopier, machinery may be leased.
Outsource
Payroll needs, desktop publishing requirements, IT support services may be outsourced.

The following are two aspects of purchasing that you need to consider in addition to cost.



#### **Quality**

Often, items that are of a superior quality are more expensive; however, as we saw in our earlier example with photocopiers, sometimes buying a more expensive item is a better option, especially if it has features that will result in cost-saving benefits (such as 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**

Some suppliers charge extra for delivering items. Others may only be able to deliver at certain times or in certain quantities. For instance, 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, as 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; for instance, if they require deliveries twice a week or always need 20 sacks of flour. In such a situation, 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.

Here are some of the ways in which discounts are negotiated.

**1**

#### **Cash payment**

A cash payment is made in cash instead of through a credit card.

## Unsuccessful quotations

Suppliers whose quotations or tender responses are not successful should be notified by a form or personal letter stating a reason for not accepting their quote.

It is important to do this because the organisations that responded to your request for quote or tender have spent time (and therefore money) preparing their response. As well as being polite, you may need to call on these organisations at a future point in time, so maintaining a professional relationship with them is important. Some organisations go one step further and provide potential suppliers with detailed information on why they were not successful.

## Authorisation for resource acquisition

Most organisations have authorisation procedures that need to be followed when products or services are purchased. These 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 with 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 up to \$10,000, while 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

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 pre-numbered 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 utilise the goods or services, to accounts payable and a copy should be placed on file.

A purchase order should include:

- specifications of the product or service purchased and, if applicable, part number
- description, quantity and price purchase order number and date
- supplier's name and address and reference number
- buyer's name/s
- delivery address
- special delivery instructions
- delivery date
- payment terms
- provision for GST.

## Maximum stock levels

The maximum stock level represents the most stock of a particular resource the business is prepared to hold. Any stock held above this level represents excess stock, which ties up too much capital; that is, the costs of storing the stock outweighs the benefits of having a high level of stock on hand.

Maximum stock levels can be set to ensure that perishable stock, stock likely to go out of style or cannot be sold after a period, is not over-ordered. Maximum stock levels can also be useful because they can help prevent excess expenditure on certain items and assist in the monitoring of spending by purchasing staff.

Here are some situations where maximum stock levels have to be monitored closely.

### Seasonal businesses

Many businesses use maximum stock levels if their business is seasonal and they sell more of a particular product at different times of the year. In these instances, maximum stock levels prevent excess stock taking up valuable storage space or sitting on shelves becoming shop soiled, which would render them unable to be sold.

### Limited storage space

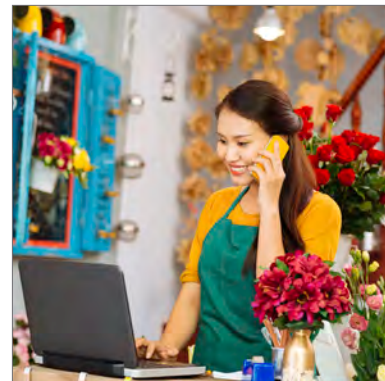
Maximum stock levels also prevent problems from occurring if storage space is limited; for instance, when businesses have to pay for warehousing space or find themselves in offices where storage for items such as stationery is hard to find.

## Resource ordering systems

Different organisations often have very different approaches to the way they order different types of stock. You will probably find that your own organisation, or other organisations for which you have worked, employ different purchasing tactics depending on a range of factors.

There are two common yet very different approaches to ordering resources:

- just-in-time purchasing
- bulk purchasing.



## Just-in-time purchasing

Under just-in-time (JIT) purchasing, resources that are required for use by staff or in manufacturing processes are delivered as they are needed instead of being bought and delivered in large amounts and then stored until they are needed.

JIT purchasing became popular in the 1980s when new approaches to purchasing, manufacturing and production planning were developed, which enabled organisations to realise cost savings if JIT techniques were implemented and managed properly.

## 2C

### Allocate resources promptly

Communication channels should be established between work groups to ensure prompt allocation of goods. Team members need to be aware of resources as they are checked and received.

Resources that are urgently required by staff may be received into a warehouse. If they are not passed on immediately this may halt the production process. 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

Sometimes 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 where staff members can indicate the priority of goods needed and specify realistic time lines. When you order these resources, you may wish 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 if, at the time of being ordered, they are unavailable.



The following example is a table for keeping 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	15/04/15	20/04/15	Business support	
Desk light	Light and Bright	01/04/15	19/04/15	Finance services	
Mobile phone	Teleservices	16/04/15	21/04/15	Accountant	

*continued ...*

### Forecasting needs

When forecasting what resources are needed in future, you also need to take into account company history and analyse records of past resource use to identify trends in resource demand. For example, a recruitment agency may discover there is a higher demand for temporary staff during the Christmas holiday period. Your organisation might sell school textbooks, which have traditionally sold well at the beginning of the school year.

## Measure resource costs

Effective resource planning involves estimating accurately the cost of resources. If the budgeted costs far exceed actual costs then there is a problem in the resource planning system of the organisation.

It is important to evaluate the actual costs and expenditure associated with resources to ascertain whether the business is achieving the financial targets outlined in its operational and business plans. If there is a large discrepancy between budgeted and actual resource expenditure then this will require further investigation.

### Issues to investigate and analyse on resource usage

- Why is there such a difference in the resources budgeted for by the business and what was actually needed?
- Was a particular resource over-ordered? If so, why?
- Does the system have processes that prevent excessive ordering or provide an alert when actual order levels exceed those that were planned?

## Resource acquisition and storage costs

There are various costs associated with acquiring and holding stock, equipment, staff and other resources, and for this reason it is essential to regularly monitor and review resource quantities and costs. The main costs to an organisation are outlined in the following information.

Acquisition costs
The costs of obtaining goods
Ordering costs
The costs involved in processing orders
Carrying cost
The costs involved in holding or storing resources.



3

#### **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 – for instance 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 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.

4

#### **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. Also, because goods may be required urgently, you may not have time to negotiate a good price or might even have to pay higher than usual freight or other costs in order to acquire the goods quickly.

5

#### **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 those that have poor relationships with their customers. This is important in terms of an organisation's value as well as the success they have working with and keeping customers.

### **Example: 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, as their production system is based on 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 are 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 cause huge expense to not only themselves, but also to the companies who work with them.

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.

### Disadvantages

- There are high establishment costs in implementing the system and acquiring the accounting/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

In a perpetual inventory system, a physical stock count is 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 reflect accurately what is physically on hand.

Most organisations have computerised some, if not all, aspects of resource management. This might 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. While applications vary in sophistication and price, most connect with a range of hardware peripherals such as barcode readers, docket printers, pole displays and electronic cash drawers. This means 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. They 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 solely based on a manual count of the stock on hand. It does not involve keeping continuous records of stock. The only documents that provide a record of stock movement are 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 manually counting on a weekly basis.

- monitor resource usage via a computerised system
- want to be able to quickly verify that resource deliveries match with what was ordered.

## Example: how supermarkets overcome stock identification problems

Major Australian supermarkets have massive 24-hour, 7-day-a-week distribution centres located around Australia that distribute groceries, fruit and vegetables, liquor and refrigerated items to supermarkets nationally. Not only do they receive extremely large volumes of goods each day, the range of stock they hold is huge too – well into the tens of thousands of items.

Their computer system needs to be able to identify each line of stock in a consistent way. Using stock numbers or the names of each product wouldn't work as there are too many variables used by each company. For example, some shampoos and conditioners have the same name but multiple varieties for different kinds of hair (straight, permed, coloured, curly, etc.). If product names were used as identifiers, it would not be a simple process to see quickly what was on the shelf or what was being delivered and it would be easy to make an error when comparing two different product lines that had identical names except for the fact that one was for straight and one for frizzy hair.

To manage this, they issue their suppliers with codes for each item of stock. These codes have to be displayed on the boxes that come into the warehouse. Each code has a barcode that allows it to be read by electronic scanners at goods inwards and on the shelf where each product is stored.

This way, every product has a consistent code and the distribution centre staff can quickly check the product matches up with the order and the computer system can reconcile the receipt of goods with their computer system.

## Resource identification components

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

<b>Name or code</b>	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. It must be clear to prevent duplication caused by a variety of similar items.
<b>Stock number</b>	Enables quick identification and reference of each unique resource item.
<b>Precise description</b>	The characteristics of the item. This will vary in complexity and detail depending on the nature of the item and the quality required.
<b>Classification</b>	The means by which items are grouped for purposes of effective management and accounting procedures.

... continued

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.



## Example: staff feedback

You might decide to distribute staff surveys or questionnaires enquiring about perceived problems with resource acquisition and monitoring. It is also a good idea to hold an information session so staff can raise their concerns. If your organisation has a large number of staff, you may want to hold a workshop for particular divisions or for team managers or supervisors or, as the following example demonstrates, select a sample of employees to provide you with feedback.

The following feedback was collated by the resource manager at a recent workshop held at The Pines Management Services Pty Ltd. You can clearly see how feedback translated in a series of recommended improvements.

Feedback	Suggested improvements/solutions to resource planning issues
We have often asked for temporary staff for priority bulk mail-outs and the staff have not been hired on time.	• Marketing team to inform resource team earlier about requirements so as to order staff earlier.
	• Make enquiries with other agencies that supply temporary staff.
	• Improve relationship with contracted agency.
When we got temporary staff in last time they didn't put the right brochures in the envelopes.	• Register a complaint with the agency and express a desire for more appropriate casual staff.
The toner we have received lately for the printer has caused black marks at the bottom of the paper.	• Return toner to supplier seeking reasons for poor quality.
	• Source alternative suppliers.
We keep running out of milk in the kitchen.	• Establish a running account with milk bar next door and increase quantity of milk delivered every second day.
My computer keeps crashing.	• Discuss with IT support firm and investigate possibilities of a new computer (consult manager and review budget allocation).

continued ...

## 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 its warehouses.

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

## Taxation requirements

As in all other aspects of business, stock records must be kept for a certain period (generally between five and seven years). The Australian Taxation Office requires that records be kept for at least five years and the Australian Securities and Investments Commission requires all incorporated organisations maintain their records for a period of seven years. However, for all consumable items such as stationery, these rules apply only to the invoices from the suppliers.



## Resource transaction data

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