



KD TRAINING SOLUTIONS

in partnership with the
Chartered Management Institute



**The Diploma in First Line Management
(Level 3)**

**Resource Planning
(Unit 3002)**

Candidate Self-Study Guide

CONTENTS

<u>Topic</u>	<u>Page No</u>
Introduction to the Diploma in First Line Management	3
Aim and Learning Outcomes of Unit 3002	4
Part A – The Nature of Resources:	5-17
• Introduction	5
• Organisational structures	6-8
• Types of business organisation	8-9
• The business environment	10-11
• What are resources?	11-15
• What are your responsibilities?	16
• Summary of Part A - Quiz	17
Part B – Basic Principles of Resource Management:	18-29
• Introduction	18
• Environmental analysis	18-20
• Trends and developments	20-24
• Monitoring resources	25
• What to do if you have a problem	26-28
• Summary of Part B - Quiz	29
Part C – Your Team and Resources:	3-34
• Introduction	30
• Conflict and competition	30-31
• Motivation	31
• Rewarding success	32
• Overall effectiveness	33
• Summary of Part C - Quiz	34
Part D – Working with Money:	35-43
• Introduction	35
• Managing money	35-36
• Controlling spending	36
• Presenting financial information	37-38
• Budgets	39-42
• Summary of Part D - Quiz	43
Part E – Unit Summary	44
Part F – Preparing for Assessment	45

INTRODUCTION TO THE DIPLOMA IN FIRST LINE MANAGEMENT **(LEVEL 3)**

Welcome to The Chartered Management Institute Diploma in First Line Management (Level 3) that has been specifically designed to meet your needs as a junior manager whether you are currently in such a role or simply thinking of working in such a role. It provides you with an excellent opportunity to develop the effectiveness and efficiency of operations for which you are responsible by means of motivating and developing the people who work in your team or department, fostering effective communication and developing a sense of team/corporate identity.

This qualification was revised on 1 September 2008 and consists of the following core and optional units:

Core Units:

- 3001 - Personal development as a first line manager
- 3002 - Resource planning
- 3003 - Meeting stakeholder needs
- 3004 - Managing and communicating information
- 3005 - Developing individuals and teams

Optional Units:

- 3006 - Recruitment and selection
- 3007 - Maintaining quality standards
- 3008 - Improving team performance
- 3009 - Management communication

Please note that for your programme, you will need to complete the 5 core units plus Units 3007 and 3008.

Throughout this self-study guide there will be some basic information, followed by some questions. It should take you between 10-15 hours to work your way through each of the guides, depending on the topic and whether or not you attend the relevant workshop. You will then have to spend some time researching information, reading and completing your work. The total time required will also depend on your experience and should become less as you progress through your programme.

The dates that you are required to hand in your work are clearly marked on your programme so please make sure you become familiar with them and make every effort to stick to them. If you do have problems, however, please do not hesitate to contact us.

Having completed all core units and 2 optional units to the appropriate National Occupational Standard you will receive 43 credit points which means you will be awarded the Diploma in First Line Management (Level 3).

RESOURCE PLANNING

UNIT 3002

Unit Aim

This unit is about planning, modifying and controlling resources.

Level

3

QCA Unit Number

R/501/5007

Credit Value

6

Learning Outcomes

Each topic has a set of learning outcomes that you will be able to achieve by the time you have worked your way through this self-study guide, attended the relevant workshop and carried out some research.

At the end of this Unit, you will have the knowledge and understanding of how to:

1. Plan resource needs with the team
2. Change to resource requirements
3. Monitor, record and control resources within the work area

Unit Contents

This Unit contains 6 parts:

- Part A – The nature of resources
- Part B – The basics of resource management
- Part C – Teams and resources
- Part D – Working with money
- Part E – Unit summary
- Part F – Preparing for assessment

RESOURCE PLANNING

(UNIT 3002)

Introduction

As a junior manager in a small, medium or large organisation and whether you are in the private, public or voluntary sector, you will be responsible in some way for managing some kind of resource.

The effectiveness of your team may well rely on you controlling and monitoring of resources properly, particularly if the resources are scarce. It is also likely that there may be particular trends or developments in your work area that may require you to plan for resources to make sure they are available when needed.

There will also be times when you find that you do not have the resources you need or something has gone wrong and they are not available. This may mean you re-evaluating what you are doing or trying to get resources from somewhere else.

If you work in area where resources cost a lot of money or would be difficult to replace, you will need to control these and ensure they are properly maintained or serviced.

Finally, we shall take a look at your responsibility towards finance as a resource, particularly in the area of planning budgets.

Overall, this unit concentrates on what resources are and how you can manage them effectively.

PART A – YOUR ORGANISATION AND ITS RESOURCES

Objectives:

By the end of Part A you will be able to:

- Describe what types of business you work in
- Explain how your organisation is structured to meet its objectives
- Outline the key resources that your organisation uses

Introduction

Before we start discussing the resources your organisation uses, let's make sure we understand exactly what an organisation is. A simple definition is a collection of people or things, systems and processes which all have to work to the same end e.g. common objectives.

Your organisation like most does not exist alone and nearly all of them are "open systems" which means that they have to interact with the external environment around them. You may already be aware in your own organisation about the way political decisions, new laws, changes in interest rates and new technology can ultimately affect the way you work.

Your organisation will contain common resources in the form of time, people, buildings and equipment, finance and some form of services such as information systems and the use of energy such as electricity, gas water etc.

The Nature of Organisations

Organisations are often classed as either "formal" or "informal" and can be described as follows:

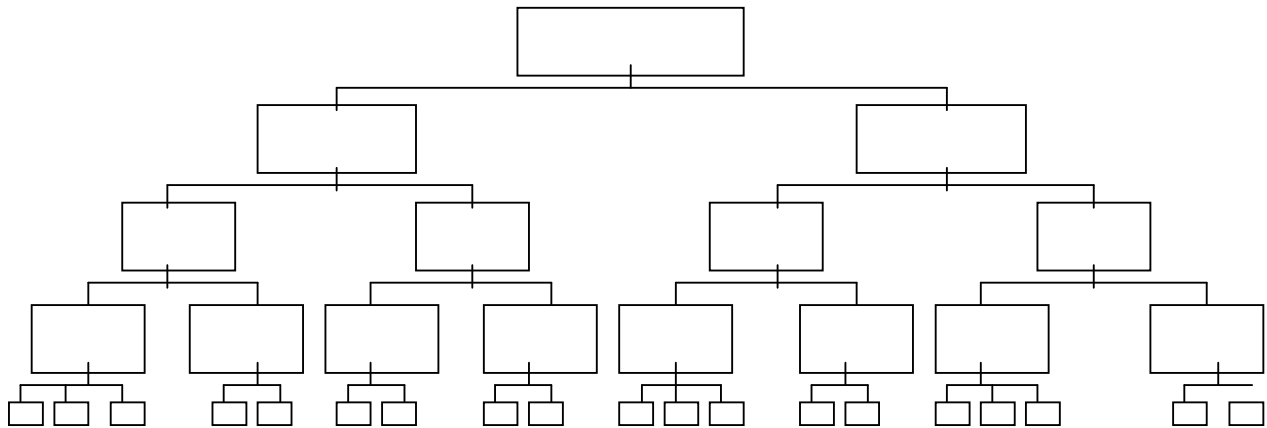
- **A formal organisation** – is the planned co-ordination of activities of a number of people for the achievement of some common purpose or goal as we mentioned in our introduction and the formal structure is often represented by an organisational chart
- **An informal organisation** – exists within the formal organisation and arises from people forming a group and satisfying their own psychological and social needs and norms of behaviour, regardless of those defined by the formal structure

Organisational Structures

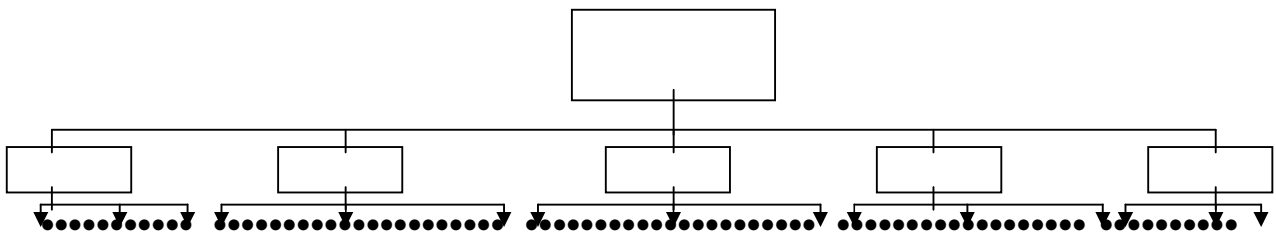
There tends to be four major types that are termed "tall", "flat", "wheel" and "matrix". Each of the 4 types is organised as follows:

- **A tall structure** consists of many layers of authority with one person reporting to the person on the next level. A good example of a tall structure is the armed forces. In the Royal Air Force, for example, there are some 19 different grades and each one reports to the one above. Such structures obviously have problems such as being slow to react to change and the speed in which communication travels. The problem is, the larger the organisation, the

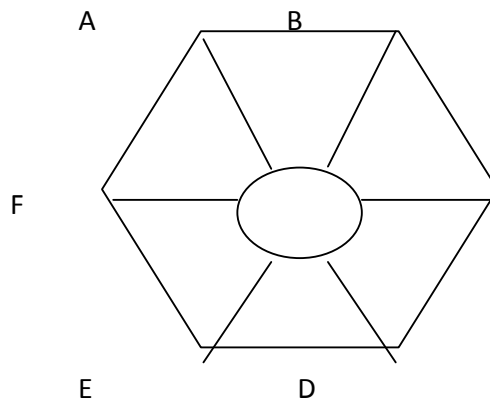
more requirement for structure otherwise it can all get out of hand. Illustrated on the next page is a typical tall structure:



- **A flat structure** consists of fewer layers of authority and is quite popular these days following activities such as “de-layering” and “down-sizing” where many levels of middle management have been removed. This means that decision-making is closer to the customer but also means that junior managers like yourself now have many more people to look after and much more responsibility and accountability. A typical flat structure is illustrated below:



- **A wheel structure** represents a head of department who may have several sections or teams interacting with each other and is illustrated like this:



- **A matrix structure** which, consists of a series of project teams and people who are members of different teams. This means that individuals have many bosses which is opposite to the previous structures discussed and looks like this:

Departments	Project Teams			
	1	2	3	4
A				
B				
C				

What about your organisation? If it has an organisational chart depicting the levels of authority sketch it below. What kind of structure exists, tall, flat, wheel or matrix?

Types of Business Organisation

Now we know the basics of organisations, let's have a look at the different kinds of business that exist. The information for this has been taken from Weaver M (1998):

- **Public Sector** organisations that are normally run for the benefit of the country and consist of places like local government, hospitals, the armed forces and the inland revenue
- **Private Sector** organisations make up the main type of organisation, although there is a distinction between those organisation's that are owned by individuals and those that are owned by the public which we will discuss in a moment
- **Manufacturing** organisations are those who make and sell goods or services such as cars. They used to be the biggest source of employment in the UK but, as you are aware, are disappearing fast due to cheaper and better quality imports. About 5 years ago only 20% of the workforce worked in manufacturing

- **Trading** organisations are those who buy in goods that are already made and sell them on, either to other organisations or the general public
- **Service** organisations are growing very rapidly in the UK and include such things as plumbers, electricians, taxis, hairdressers etc
- **Voluntary** organisations such as charities exist based on the voluntary, unpaid work of dedicated people

What type of business do you work in and what are the products or services that it supplies?

Who Owns These Businesses?

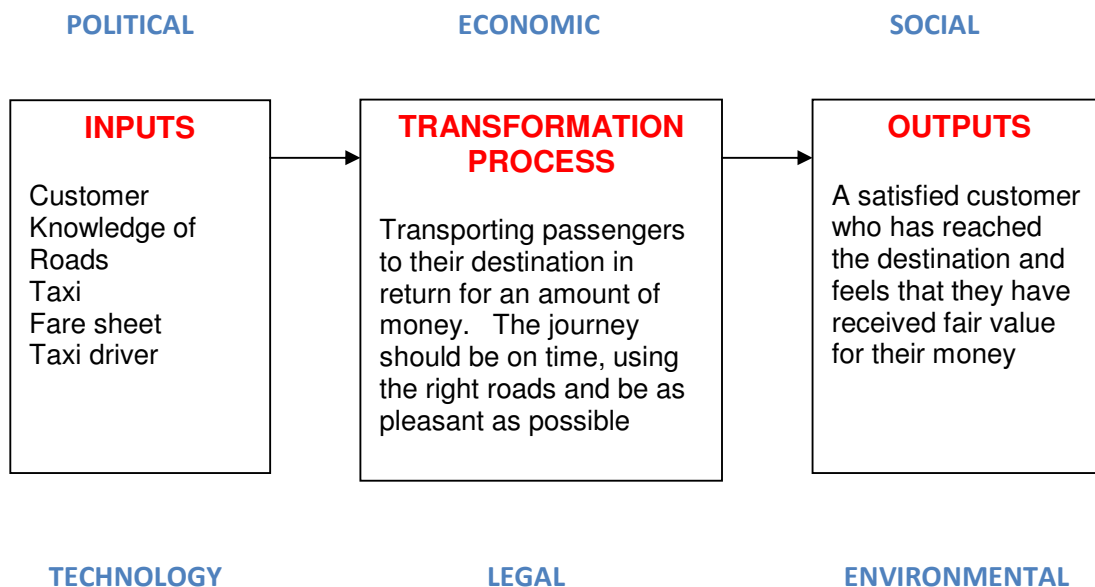
Businesses come in a variety of formats, so let's start with the person who runs a business by him or herself:

- **A Sole Trader** is the simplest form of business organisation and involves a person or persons providing the bulk of the finance for a business and probably most of the work. The legal requirements of a sole trader are limited and although they can work as they see fit and take risks they think are ok, if such a business fails, then "unlimited liability" comes into effect. This means that they are responsible for the debts and must repay them. If they cannot repay, then the belongings of the sole trader such as cars, houses etc can be seized in order to pay off the debts. Conversely, they are entitled to all of the profits and are only subject to income tax, not corporation tax
- **A Partnership** – is an agreement between two or more people and have advantages like few formalities when setting up, the sharing of knowledge and skills of the partners, sharing the management of the business, no obligation to publish account (except to the inland revenue) and sharing the profits or debts because they also have "unlimited liability" unless an agreement has been made

- **The Limited Company** – when formed is said to have become “incorporated” and in English law is treated as separate from the people within and it capable of owning property, employing people, making contracts and, of course, being sued! The key feature is that if it fails, it can only require its shareholders to meet its debts up to the limit of the nominal value of their shares. Limited companies also fall into 2 categories:
 - Public Limited Company – must have its shares available for purchase by the “public” and the company title must end with the words “public limited company”
 - Private Limited Company – on the other hand, may not offer its shares to the public and is even restricted about transferring shares between the private shareholders. The name of a private limited company must end with the words “limited”

The Business Operating Environment

Although organisations differ in many ways, they do share common features in that they can be seen as “open” systems that interact with their environment. This means that they take something from the environment (such as resources) and “convert” them into outputs that are passed back out to the environment. This simple process is illustrated below:



As you can see from the illustration above, inputs could include money, materials, manpower, machines etc and the transformation process depends on the types of business.

The illustration shows the inputs, conversion and outputs of a taxi firm. The output is hopefully a satisfied customer who has reached their destination, on time and had a fairly pleasant journey. The outputs of any system should match the organisation’s goals and in the case of the taxi firm, could be measured by repeat business.

If the organisation produced a product, then the finished product would be an output that would be ready to be passed onto the customer.

Environmental Influences

You will see that around the organisation are influences such as political (decisions made by Governments or the EC), economic (such as interest and exchange rates), social (the way in which people decide what they will spend their money on), technological (advancements in machinery and skills of people), legal (issues that are introduced such as new laws preventing the disposal of waste) and environmental (such as preserving nature and natural products). We will discuss these in more detail in Part B.

There are also close influences such as customers, suppliers, competitors, distributors and other bodies. Any of these influences can affect your organisation's ability to get the resources its needs.

What are the typical influences that affect your organisation and how have they affected what you do?

What Are Resources?

Now that we are familiar with organisations, how they might be structured and how they use resources from their environment, let's look at what the term "resource" means:

- Time
- Information
- People
- Materials and supplies
- Machinery and equipment
- Finished products
- Money

What is your current role in managing the resources listed above on a day-to-day basis?

Let's now have a look at each one of the above resources and see what they really are about.

Time

If you have already completed 3001 (Personal Development as a First Line Manager) then you will have already covered the topic of time management. You will also appreciate that most of us "waste" time in some form or another and that it is possible to save quite a lot if we make a conscious effort to do so.

Just to remind you, though, there are 168 hours in a week and it is up to you how you use them. This involves you planning, prioritizing, considering your body clock, managing your diary properly, dealing with external and internal issues, delegating and so on.

In addition to managing your own time, you may well be responsible for ensuring that your team members manage their time also.

Make a note below of who and how you influence their time:

Information

You will be aware that you need to gather, select, store and use information effectively and there is a lot around at the moment and that if you receive or give out information that is of a poor quality i.e. not accurate, relevant, timely, reliable and current, poor decisions are the likely outcome.

People

People will often be classified as your greatest resource. This is, of course, if they are treated as such. Whilst HR departments make the best efforts to ensure that people are available when needed to fill posts, you are then responsible to make sure they are used to their best. This may mean making sure they are trained properly and have the correct level of knowledge, skills and abilities to do their job to the best of their ability.

One cutting edge IT organisation has even gone to the point of ensuring that the word “people” is in the job title of those responsible for recruiting them. The HR manager’s job title is now “the person responsible for recruiting cool and loyal people”! Not sure how they fit the sign on their office door though!!

How does your organisation ensure it has the right people it needs? Is there a training and development strategy that ensures people have the latest knowledge, skills and abilities to do their job?

Materials and Supplies

Depending on where you work, this could mean anything from raw materials to make products to stationary items. If you work in manufacturing, then the control of raw materials would be a very important issue and these are required to make the final product. If you work in an office based organisation you may find that stationary items are not as controlled as efficiently and either “disappear” or just seem to get used up too quickly.

Storing materials and supplies may be subject to temperature control. For example, a Swindon based company stores frozen goods in a vast temperature-controlled storeroom and the operator is only allowed to go in there for 20 minutes in every 2 hours!

What sort of materials and supplies do you use in your work area? How are they controlled?

Machinery and Equipment

Machinery and equipment is also important and requires you to make sure they are both regularly maintained and well looked after. If you allow people to drink at workstations, for example, and tea or coffee gets spilt on keyboards, the consequences are obvious. Trying to use tools that have been allowed to go rusty through poor maintenance or wasting time looking for them because they have not been put back in the right place is also a problem.

Imagine a taxi driver who did not look after his resources i.e. not taxing his car, not keeping it in a clean condition and not ensuring it was regularly maintained. This might result in breaking down with customers on-board or being convicted for driving without the appropriate documentation.

How many times have you gone to use the photocopier and it has run out of paper or ink or your paper jams and you cannot get it out?

What equipment and machinery is in your work area? How effectively are they controlled? Who is responsible for them?

Finished Products

This may seem a little odd but once a product has been finished it may have to be stored or distributed to your customers. If products arrive damaged, it is likely they will be rejected and you will not only have to pay for transport, but make the product again.

Imagine if you stored paper products in damp conditions or wine at the wrong temperature. By the time it was ready to be dispatched to customers, it would be in a poor condition.

Where are your finished products stored prior to dispatch? How are they protected during distribution?

Money

Controlling money is a major headache for any organisation because they need it to purchase some of the things we have already identified i.e. people, materials and supplies, equipment etc.

You may not be directly responsible for controlling money, but you may be required to supply information to others that may result in money being spent. You might have to put a case forward for money to buy more supplies or equipment or even to pay for training for your team members.

Although money is listed in Part A, it will be discussed in greater detail in Part D.

What organisational responsibilities, if any, do you have with regard to money?

What Are Your Responsibilities?

We have now discussed the various types of resource that you may or may not be involved with. The next question is “what responsibilities do you actually have towards them?”

The best starting point is your job description or, if you do not have one, the “perception” of what your job consists of. If you are responsible for supervising a team, then the odds are that you are responsible for their training and development.

Examples might be:

- Controlling the ordering and use of stationary
- Making a case for new staff
- Controlling timesheets
- Managing staff time
- Ensuring machines and equipment are maintained
- Ordering supplies
- Using machinery, equipment and supplies
- Storing finished products
- Gathering, storing and selecting information
- Recommending training programmes for team members

Examine your job and make a few notes below about all the various types of resources and what your role is in ensuring their effective use:

Summary of Part A - Quiz

Here are a few questions that should remind you of what you have learnt in this section:

- What is a “formal” business compared to an “informal” one?
- What are 3 types of organizational structure?
- What is the difference between the following business categories?:
 - Public or private sector
 - Voluntary
 - Manufacturing
 - Trading
 - Service
- What are the main ways in which a business might be “owned”?
- What is an “open” system and how might it be affected by its environment?
- What are the main resources used by organisations?

PART B – BASIC PRINCIPLES OF RESOURCE MANAGEMENT

Objectives:

By the end of Part B you will be able to:

- Identify environmental factors that might affect your ability to get the resources you need
- Outline trends and developments that will allow you to resolve resource problems
- Make a case to get more resources or make better of the ones you already have

Introduction

You have identified what type of organisation you work for, how it is structured and what responsibilities you have in relation to the resources it uses. Let's now look at various tools and techniques that have been designed to help you effectively manage these resources.

Environmental Analysis

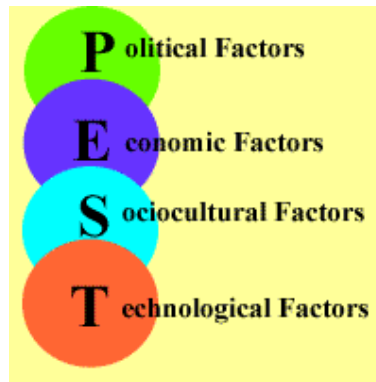
In Part A we mentioned that your organisation probably operates as an “open system” and that it takes in and used resources from its “environment” and passes its products and/or services back out.

This environment, depending on what type of organisation you work for, could be extremely dynamic and fast changing or slow and stable. It is, therefore, easy to see that your organisation much match its environment if it is to get the best out of it. As an example, technology changes almost every day and if you work in an organisation where IT is the main resource, you might want to purchase the latest equipment whenever it comes out.

Another example is the fashion business. We all know that fashion changes every year because the social needs of people change. If you want to stay ahead in the fashion trade then you have to design, make or sell the latest fashions.

From a Police point of view, some people are becoming increasingly difficult to deal with and violence against police happens. To overcome these social attitudes towards the police, there is a device that takes a video of a police person interviewing someone. This video could then be used as evidence if needed.

One tool that can be used to help analyse the environment is called PEST, LE PEST, STEEPLE or PESTLE. A PEST analysis is very important and enables an organisation to consider its environment before marketing its goods and services. In fact, environmental analysis should be continuous and feed all aspects of planning. The PEST model considers the organisation's “general or macro” environment and provides it with the opportunities and threats that exist outside of its boundaries.



Political Factors

The political arena has a huge influence upon the regulation of businesses and the spending power of consumers and other businesses. You must consider issues such as:

- Environmental regulations and protection
- Tax policies
- International trade regulations
- Contract and employment law
- Political stability

Economic Factors

The following economic factors may be very important to your business:

- Economic growth
- Interests rates
- Unemployment policy
- Taxation
- Exchange rates

Sociocultural Factors

The social and cultural influences on business vary from country to country. It is very important to consider such issues as:

- Health consciousness
- Population growth rates
- Age distribution
- Lifestyle changes
- Fashion

Technological Factors

Technology is vital for competitive advantage and is a major driver of the current trend towards globalisation. You might want to consider:

- Government research spending
- Industry focus on technological advances
- New inventions
- Life cycle of technology
- Energy use and costs
- Internet

Speak to a senior manager and make some notes regarding the key PEST issues that current affect your organisation:

Trends and Developments

One way of solving resource problems is to look for trends and development. This is basically, spotting things that appear to occur regularly analysing them and learning lessons. Here are some simple tools for doing this:

- **Critical Incident Analysis** – This tool can be used to look at specific incidents that take place in order to learn lessons. It is amazing how many times you might hear the sentences “I wish I had a pound for every time that happened” or “every time we do this, the same thing occurs”. There is not a definite list of what you should do but here are some steps to follow:
 - Choose a critical episode -This would be something that stands out for you, e.g. a successful or unsuccessful meeting, a problem presented to you by a team member (i.e. poor quality product or customer complaint)
 - Describe the incident to include when and where it happened (time of day, location and social context), what actually happened (who said or did what). Make sure you identify why this incident stood out
 - Look at your description and decide did you bring a personal bias or a particular mindset to the event, could you have interpreted this event differently from another point of view, what could you learn from this episode and finally, what can you do to progress a resolution of the problem/s it suggests?
 - Find a friend or colleague to share your account of the episode, discuss your interpretation and modify your analysis, where necessary, in the light of peer suggestion, advice, perspective

Think of a recent incident at work and make some notes below using the step identified above:

- **Comparative Analysis** – This tool is simply about comparing two or more situations and examining the results to see what was done well and what did not go so well. By using this technique you can identify similar successes or defeats. The situations you use need to be similar i.e. buy 2 pieces of equipment or running 2 similar projects. You may find answers like, they were both managed well but failed for other reasons, the same resource issue occurred in both instances that made them successes or otherwise. Here are a list of questions that you might want to consider when using this technique:
 - What happened?
 - How are the 2 incidents similar?
 - How are the 2 incidents different?
 - What was good about them both?
 - What was bad about them both?
 - What needs improving next time?

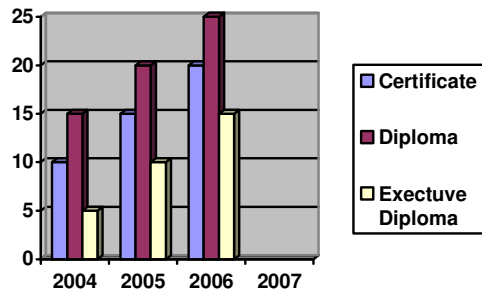
Look at 2 similar situations you have had recently and ask yourself the questions above. Make some notes about your findings?

- **Historical Analysis** – This technique is very straightforward – why reinvent the wheel? If a project has been done before, have a look at how it was done and see if it can be done in a similar way (provided it was successful, of course)

Think about a job you have to organise in the future and ask around to see if anyone has done it before. Ask them what happened, how it went, what they learnt and see how you can use that information for your project:

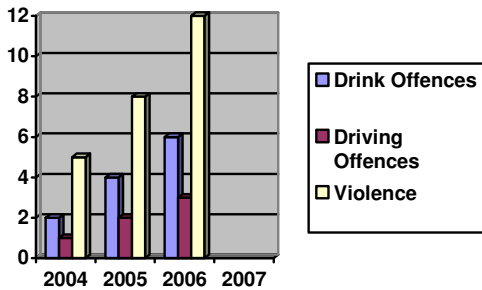
- **Forward projection** - This technique is very useful for several types of organisation. For example, here at KD Training Solutions we have to “predict” the number of candidates so we can order and prepare the correct resources for the workshops. In the Police force they might predict the number of offences committed at certain times of the year, like Xmas and plan their resources accordingly.

If you look at the graph below you can see how we might use this technique for next year:



If you look at each level of programme there has been a steady increase (not that this happens all of the time) but if all is well, it does give an indication of the amount of candidates that might arrive in 2007.

The police might use it like this:



Again this might give the police some kind of indication of what resources are required.

Think of a task you have coming up in the future, how might forward projection information help you establish the resources you might need:

Monitoring Resource Use

You now know what sort of resources you have available, what might affect your ability to get them and techniques you can use to identify what you need. Let's now turn to making a case if you do not have what you want.

The idea is that you collect information regarding the use of resources to see what is happening. After you have gathered sufficient information, you should ask yourself the following questions:

- Whether the current position regarding resource use is what you expected i.e. are you using what you expected?
- If there is a difference between what you would expect and what you have found, what is the problem and why did it occur?
- Has the problem occurred before, if so when?
- What do you need to do to get back to the position you thought you should be in?
- How can you prevent this happening again (especially if you have less resources available than you should have)?

Look at the resources you are currently responsible for. Use the questions above and make some notes below:

What if You Do Have a Problem?

It is highly unlikely that things will go as you plan and you will undoubtedly, at some time or another, have resources problems. The important thing is that you identify the problem and put forward a case for more resources or use what you have in a different way.

It is very probably that something happens in the environment we discussed at the beginning of this part that will cause you a resource problem. By constantly using the PEST analysis, you will at least be trying to stay ahead of the game.

Using techniques like critical incident analysis, comparative analysis, historical analysis and forward projection, will help you plan your resource need and monitoring will help you keep an eye on your plans.

The likely problems you might come across are:

- Having more work to do and thus losing time
- People departing and leaving a gap in knowledge, skills and abilities
- New people joining who need time to get going
- Machines that break down unexpectedly
- Using more materials than planned
- Receiving poor quality materials and supplies
- Not having anyone accountable for resource use

What resource problems have you come across recently:

The term “gap analysis” is actually very complicated so we will try and keep it simple for this part. The idea is that when you come across problems, like those indicated above, you sit down and have a think about what resources you need to do your job, what you currently have and where the gap is. Having established the gap you need to think about whether:

- It will prevent you from completing a task
- You can cut corners without compromising quality
- You have the time to complete the task
- Any health and safety issues are now apparent

Again think of a forthcoming task you have to do that you feel might be short of resources and carry out an analysis, identify the gap and identify what the problem will be if you do not get the resources you need:

The next step is to resolve the issue yourself, if you have the authority, or put the case to your line manager for him or her to decide. When you present your case you might consider:

- What the job is you are trying to do
- What the shortfall in resource is
- Why the shortfall in resource occurred
- What the shortfall means in relation to the task
- What you need to complete the task

Having identified the “gap” from the previous exercise, write some notes using the points above before you resolve the issue yourself or present it to your line manager:

Summary of Part B - Quiz

Here are a few questions that should remind you of what you have learnt in this section:

- What tool might be used to monitor a business environment?
- What sort of tools might be used to resolve resource problems?
- What process might you use to ensure the resources you need are available when you need them?
- What would be in a case to your line manager that helps resolve a resource problem?

PART C – YOUR TEAM AND RESOURCES

Objective:

By the end of Part C you will be able to:

- Understand how the effective management of resources directly affects the way your team performs

Introduction

There is only one answer to the question “is your team likely to perform better if it has the resources it needs” and that is yes! Think of any job you like such as:

- Making copies of something
- Cutting paper into shapes
- Arresting suspects
- Teaching
- Processing applications
- Writing a memo or sending an email
- Moving objects from one location to another

Your job is made much easier if the resources are available. The police cannot properly sort out a major fight outside a club if there are only 3 people available; moving objects by hand is much harder and takes up more time than would if a forklift truck was available; a teacher cannot cover two classes at the same time; and only so many applications can be processed in one day.

We are going to look at several issues concerning your team which might be affected by your ability to effectively manage resources:

- Conflict and competition
- Motivation to do jobs
- Rewarding success
- Overall effectiveness

Let's look at each one in turn.

Conflict and Competition

It is not difficult to see how conflict and competition over resources can happen. It could occur between teams or even between individuals within teams. There have been some very interesting situations when one person manages to get hold of an extra cabinet to store things when a colleague has not even got one cabinet and stores stuff on the floor!

It might also be the case where people within your team are competing for resources. This could be money (i.e. two tutors competing for books when only a limited amount of money is available), tools that are being used on more than one job and even police supervisors competing over staff to use on different tasks.

Make a note of the times when your team members or people in your work area have had conflict or been competing over resources:

Motivation

It has been researched that people who are motivated towards something, do far better at it than if they are not motivated. The term motivation tends to be interpreted as someone who wants to do something. It is very difficult to imagine someone wanting to do something if they do not have the right resources to do it.

Think about the times when you or someone you have asked is tasked with a job and they find out that the right resources are not available! There is no way that they will perform to their best and thus the task might not get done as required.

You should also remember that knowledge, skill and abilities are resources that people need to carry out jobs. Again, think about any time that you have been asked to do a job and you did not possess the knowledge to do it. How did you feel?

Think about the resources you work with every day. How motivated are your colleagues and what is their level of performance compared to the resources they have available?

Rewarding Success

Most reward systems (especially financial ones) are linked to performance. As we have already discussed if people do not have the right resources to perform effectively and efficiently, then they are unlikely to warrant any rewards.

A simple pat on the back is also unlikely if people do not perform so there is a clear link between having the right resources, performing to the level required and being rewarded for results.

What reward systems are in place in your organisation? Are they linked to performance? Is there is link between performance and the resources available?

Overall Effectiveness

If you consider all the previous discussion on resource management, it is clear that the overall effectiveness of your team will be affected one way or the other. If the right resources are available when they need them, the likelihood is that their overall performance will improve.

Look at these examples:

- Are resources easily accessible to your team?
- What is the condition and location of rest facilities?
- Are machines kept maintained?
- Is stationary available when required?
- Are the right tools available for jobs?
- Are raw materials and supplies available when needed?
- Are there enough telephones, email facilities, broadband, pc etc

Now think about the resources your team need and then look at what they actually have. How do the two compare? In what ways can you manage resources better to improve their overall performance?

Summary of Part C - Quiz

Here are a few questions that should remind you of what you have learnt in this section:

- What problems could occur within your team if resources are unavailable or in short supply?
- How might a lack of resources affect a team's motivation?
- What is the purpose of rewarding people?
- What effect will it have on your team if you ensure resources are managed properly?

PART D – WORKING WITH MONEY

Objectives:

By the end of Part D you will be able to:

- Describe the basic principles of managing money
- Understand your role in managing money
- Control and monitor spending

Introduction

It is quite possible that you might be responsible for money in some format or another. It may be a simple cash box to a complicated budget but it is important that you are aware of some money terms so you know what you are doing.

Let's first introduce you to some financial terms that you may come across:

- Agree and monitor budgets - See what money is available and keep an eye on how we spend it
- Manage cash flow – make sure we have as much money coming in and going out
- Pay creditors – pay the people we owe
- Receive debtors money – get money from the people who owe us
- Invest capital – buy things

Managing Money

Your organisation will manage its money in roughly the same way you manage your personal money (although one of you will have slightly more than the other). When keeping an eye on your own money you would probably:

- Get a copy of your bank account and check what has gone in and out
- Take account of anything you are aware of that may come or go out that is not on your statement
- Come up with a final figure you can agree

- If there is a difference you can do one of many things such as:
 - Contact the bank and find out if there is a mistake
 - Spend less
 - Earn more
 - Borrow some money
- If there was a mistake then you check for it to be put right. If you spend less, you would expect your bank balance to reflect that

Involving junior managers in the way money is spent and controlled is becoming increasingly popular in organisations these days and is no longer the domain of financial experts only. Those in financial positions tend now to concentrate on what can be done with the money an organisation makes and keeps an eye on the future needs of that organisation.

Controlling Spending

The size and structure of your organisation will probably determine your role. As a junior manager you will not be expected to work on the organisation's accounts but somewhere along the line you might be asked to provide information that will help with the compilation of those documents.

Regardless of what information you supply, you should always keep a record of it. This helps in many ways – you always have it readily available – it is always up-to-date – you only need to add to it, not start again each time.

If you work in manufacturing you may keep records associated with:

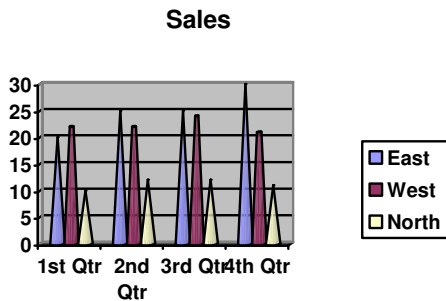
- Production costs
- Materials costs

If you work in an office based environment, you may keep records on expenses, fuel costs, stationary costs, etc

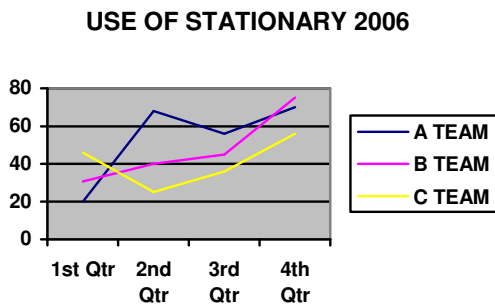
What records do you currently keep regarding spending? What records could or should you be keeping?

Presenting Financial Information

Here are some examples of how financial information might be presented:

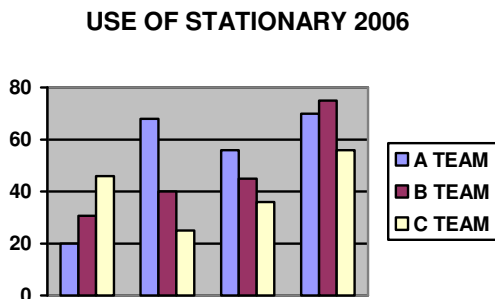


The information in the chart above relates to sales (£000) in three areas of the UK. The following table relates to stationary used by a team over a period of 6 months:



The line chart above shows a definite and sharp increase in money spent on stationary from the 2nd quarter of the year. A new product was launched during that period so much more stationary was required. It would be appropriate to attach a simple note to the graph stating this so that whoever it was sent to would appreciate the sudden increase.

For those of you who have completed C34, the bar chart will be common knowledge. If we take the same information from above and change it to a bar chart it would look like this:



See if you can find some financial information from your work area and present it below in the form of a graph or chart:

Budgets

As a junior manager you may have to look after a budget yourself. If not, you may be asked to put together information for your line manager's budget so it makes sense that you understand what a budget is, why it is used and be familiar with how to run one.

A budget is essentially a plan that is based on future forecasts and tend to take two formats:

- A **quantitative** budget that focuses on estimated numbers of units, for example cars, bicycles, students etc and sales and production budgets are often quantitative in the first instance
- A **financial** budget that focuses on the estimated costs and revenues

Budgeting brings with it a number of benefits for an organisation and some are listed below:

- It enables the business to plan the efficient use of its resources. Using our university case as an example, they should consider hiring rooms out if they have empty rooms within
- Forward planning means that you can make decisions in advance so that adequate resources can be made available when needed
- You can also provide clear targets for staff and thus make aware of what they are required to achieve
- The work of all departments can be co-ordinated so that they all work towards the same objectives
- Actual activities can be monitored against the plan so that you can identify and put right any variances

The Budgeting Process

The budget is normally agreed with a budget committee that is represented by the different departments in the business and chaired by the senior accountant. The purpose of the budgeting committee is to:

- Co-ordinate the different departments within the business
- Determine whether the budget will work in practice
- Find out whether the budget will allow the business to meet its objectives

The way the process works is by bringing together several budgets with the view of producing a master budget, which will also include a "budgeted profit and loss account" and a "budgeted balance sheet".

The following is how data is gathered:

- The **principal budgeting factor** – is normally the starting point for most organisations. This factor is one which all other budgets are based and the most common one is SALES. In a service business the principal factor may be based on the number of labour hours available – e.g. our university only has so many teaching hours available in a given period of time. In some organisations, subsidiary budgets are produced from each department first
- The **sales budget**, if it is the key factor needs to be produced first and will obviously be based on the number of units to be sold and the expected selling price. These figures are normally ascertained through market research as it is simply not sufficient to take last years budget and add 5 or 10%
- **Production budgets** usually follows the sales budget because if we can determine how much will be sold we know how much to produce. The production budget involves producing several budgets such as:
 - The production volume budget that attempt to even out production to make planning easier
 - The raw materials budget that is based on the production volume budget and determines how much raw materials is required
- **Other key budgets** – will be produced that cover, administration and overheads and capital expenditure

A budget is not a rigid structure, but exists as a guide to enable you to monitor and take any corrective action if required. It is also important to note that changes in one budget may affect another e.g. if sales increase that will affect the production budget, the raw materials budget and maybe administration and overheads.

What is the budgeting process in the area where you work? What are the principal budgeting factor and other budgets?

Comparing Budgeted to Actual Performance

As we have just said, budgets are used as a guide to help you monitor activity and should be used to compare actual performance with what was forecast. From a control point of view, it is the **variances** in the budget to actual performance, which is of concern to you and these are classified in two ways:

- **Favourable**, meaning that the actual revenue received was higher than expected or that costs were not as high as forecast
- **Unfavourable**, or adverse variance occurs when the actual figures show less revenue than expected or higher costs than forecast

Once the variances occur you can view budget reports and something can be done to put the variance right or ensure that associated budgets are brought in line. Sometimes, the overall variance between budgeted and actual may not be much but that does not mean that all is well, particularly if two large variances cancel each other out.

Below is an illustration of a budget statement with variances:

	Budget Actual Variance		
Sales	20,000	19,500	500A
Direct Materials	3,000	2,400	600F
Direct Labour	6,000	6,200	200A
Variable Expenses	2,000	1,900	100F
Fixed Costs	5,000	5,100	100A
Total Costs	16,000	15,600	400F
Profit	4,000	3,900	100A

This illustration gives the impression that the budget figures have almost been met because the profit is only 100 short of the budgeted figure. Additional information, though, reveals that the number of units sold was exactly what was budgeted. This means that the sales figure and the direct materials figure are worth investigating.

The important fact is that all variances should be investigated, even if the variance is nil. If the exact number of units needed was produced and there are variances then something has occurred and is worth investigating. Let's have a look at the illustration above again and consider these options:

- Possible reasons for a sales variance that was unfavourable could have been less sales than expected or prices being lowered at some time. This could be to take account of market forces or even an attempt to increase sales which went wrong

- The direct materials variance has 2 options:
 - Maybe the cost of materials fell during the period
 - Maybe in the production process, the materials were used more efficiently or less waste was produced
 - Labour costs were more than budgeted and this could have been caused by increasing wages or a drop in efficiency by the workforce or even a combination of the two

What the above shows is that there could be many reasons for variances being favourable or adverse but that they need investigating so that the information can be used for the future.

Summary of Part D - Quiz

Here are a few questions that should remind you of what you have learnt in this section:

- What is the simple process involved in managing money?
- Why it is important to keep a record of spending on resources?
- What are some of the ways in which financial information might be presented?
- What is a budget and what benefits are there for having one?
- What is involved in the budgeting process?
- What is a “variance” when referring to a budget?

PART E – UNIT SUMMARY

Well, that's it! You should now have developed your knowledge, skills and abilities in Resource Planning and be in the position to try out what you have learnt.

Just a quick reminder that you should now be able to:

- Relate to the National Standards in Management relating to Resource Planning (3002)
- Understand your organisation, the resources it uses and your responsibilities in managing those resources
- Describe how to carry out a PEST analysis to establish the state of your organisation's external environment
- Solve resource problems by identifying trends and use specific tools such as critical incident analysis, comparative analysis, historical analysis and forward projection
- Monitor the use of resources and deal with resource-related problems
- Put forward a case for the increase or redistribution of resources
- Identify how a lack of resources affects the overall performance of your team
- Describe the basic principles of managing money, keep records of spending and present financial information in the form of graphs and charts
- Understand the budgeting process and be aware that any variance in actual spending versus planned spending should be identified and investigated

PART F – PREPARING FOR ASSESSMENT

the time you have completed this self study guide, you will also have attended the relevant monthly workshop. Now you need to carry out some extra research and gather some more information on these topics which you can use for your assessment.

Remember that you can submit a draft of your assessment to the Centre and we will try and give you some form of feedback as quickly as possible.

When you have completed your assessment you need to bring it to the next monthly workshop and hand it in to the tutor. You should hand in the following:

- Your completed work
- Your work brief
- The marking sheet for this unit (after signing the front page and making a self-assessment in the first box on the first page)

These documents can be found by going to www.kdtraining.co.uk and following the relevant links through your learner area.

Once your work has been assessed, you will receive a copy of your feedback by email and we will attempt to do this about 2-3 weeks after you hand your work in. If you hand your work in late, you may go to the back of the queue so try to make sure you deliver on time.

After your work has been assessed, it may be selected to be internally moderated by another tutor. That means it will be checked to make sure all the relevant paperwork is there and that the assessment was rigorous and fair.

Your work will then be kept by the Centre and shown to the CMI External Verifier when he next visits.

At the end of your programme, all of your work will be presented to the CMI External Verifier and he will make the final decision regarding your qualification.

Good Luck!