

# Pathways to Management and Leadership

Level 5: Management and  
Leadership

Unit 5004V1

Practices of Resource Management

# Pathways to Management and Leadership

## Unit 5004V1: Practices of Resource Management

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First edition 2006

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Second edition 2008

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Revised July 2013

British Library Cataloguing-in-Publication Data. A CIP catalogue record for this publication is available from the British Library.

ISBN 0-85946-502-0

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# Practices of Resource Management

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# About this workbook

## The unit

The main purpose of this workbook is to support you as you study for the Chartered Management Institute Level 5 in Management and Leadership qualifications, so it specifically focuses on the content of the syllabus for Unit 5004V1 *Practices of Resource Management*.

This workbook provides underpinning knowledge and develops understanding to improve your skills as well as to prepare you for future assessment. If you are studying for the Level 5 in Management and Leadership qualifications, then you will be assessed by your approved centre on 'your knowledge and understanding of' the following learning outcomes:

1. Be able to identify and plan resources needed to meet objectives.
2. Be able to select and use the resource supply chain to meet planned objectives.
3. Be able to monitor and evaluate internal and external resource use to meet plans.

## The aims of this workbook

This workbook aims to help you learn how to:

- manage non-financial resources
- manage financial resources.

## Syllabus coverage

The table below shows which sections of the workbook address each of the assessment criteria of the qualification syllabus.

Unit 5004V1 syllabus coverage	Addressed within section:
<b>Resource Management</b>	
1.1 Identify those resources required to achieve objectives	1
1.2 Explain the process of planning resource use to achieve objectives	1
1.3 Analyse the costs associated with the resource required to achieve objectives	1
2.1 Evaluate sources of supply to meet planned objectives	2
2.2 Explain processes to manage the supply continuity and quality of resources to meet plans	2
2.3 Analyse strategies that could be used to predict and manage disruption in resource supply and the associated costs	2
3.1 Review progress of actual resource use against planned resource use	3, 4, 5
3.2 Discuss methods of recording, monitoring and reporting on resource used	3, 4, 5
3.3 Explain methods of using resource information to inform future actions	6

## Getting started

Management is about getting things done through the use of resources such as people, equipment and materials.

Managers are responsible for:

- *the process of planning, organizing, leading and controlling the efforts of organization members and of using all organizational resources to achieve stated organizational goals.*

Mescon, Albert and Khedouri (1985)

However, all resources have a cost attached. Therefore, managing resources includes managing the financial implications of using resources. Another integral part of managing resources is planning. Without planning, the achievement of organisational goals becomes virtually impossible.

For any manager, therefore, the following three areas of work are inextricably linked:

- 1 planning
- 2 managing resources
- 3 managing finances.

In short, you can't be effective in any one area without giving equal consideration to the other two. Take, for example, the difficulties faced by a line manager in a waste disposal company.

### Scenario

'One day I came into work and there was a message from the managing director. From next month, the company was not going to pay any overtime but was going to get all the rounds done within the normal working day. Well, fair enough, not a bad idea on paper, but it could only work if I had a complete fleet of vehicles on the road. The problem was that I had two lorries in the yard that I couldn't afford to send to the garage until the start of the next quarter because I was up to the limit on my maintenance budget. Without those two lorries, I could not rework my routes properly. The result, which from where I stood was completely predictable, was a lot of uncollected rubbish and a lot of unhappy customers.'

This illustrates the sorts of problems that arise when realistic resource planning doesn't accompany wider plans. Many managers can give examples of impossible demands that have been put on them by senior management in pursuit of strategic or divisional and business plans. And most senior managers can give examples of unwillingness to adapt to new circumstances on the part of people lower down the organisation. This tension between overall strategy and the reality of day-to-day operations is one of the major sources of frustration and dissatisfaction within organisations. The way to avoid, or at least to minimise, these difficulties is for all planning decisions to be based on a realistic appreciation of what it is possible for the organisation, and the people within it, to achieve.

In this workbook you'll look at the planning process and the accompanying need to identify resource requirements and, where necessary, to source them from suppliers. You'll then focus on aspects of financial management, such as budgeting and financial control.

## How to use the workbooks

The workbooks provide ideas from writers and thinkers in the management and leadership field. They offer opportunities for you to investigate and apply these ideas within your working environment and job-role.

### Structure

Each workbook is divided into sections that together cover the knowledge and understanding required for that unit of the Chartered Management Institute Level 5 in Management and

Leadership. Each section starts with a clear set of objectives that identify the background knowledge to be covered, and the management skills in the workplace that enable you to demonstrate this knowledge. You do not have to complete the sections in the order they appear in the workbook, but you should try to cover them all to make sure that your work on the unit is complete. There are self-assessment questions at the end of each section that allow you to check your progress. You may want to discuss your answers to these questions with your line manager or a colleague.

### Activities

Throughout the workbooks there are activities for you to complete. These activities are designed to help you to develop yourself as a manager. Space is provided within the activities for you to enter your own thoughts or findings. Feedback is then provided to confirm your input or to offer more ideas for you to consider.

To get the best from the workbooks, you should try to complete each activity fully before moving on. However, if the answer is obvious to you because the issue is one you have encountered previously, then you might just note some bullet points that you can then compare quickly against the feedback. You may sometimes find it difficult to write your complete response to an activity in the space provided. Don't worry about this – just keep a separate notebook handy, which you can use and refer to as needed.

Try not to look at the feedback section before completing an activity. You might like to try covering up the feedback with a postcard or piece of paper while you are working through an activity.

### Timings

Timings are suggested for each section and activity, although it is important that **you** decide how much time to spend on an activity. Some activities may occupy only a few moments' thought, while others may be of particular interest and so you might decide to spend half an hour or more exploring the issues. This is fine – the purpose of the activities is to help you reflect on what you are doing, and to help you identify ways of enhancing your effectiveness. It is always worth writing something though, even if it's brief – the act of writing will reinforce your learning much more effectively than just referring to the feedback.

### Scenarios

There are scenarios and examples throughout each workbook to illustrate key points in real workplace settings. The scenarios cover a wide range of employment sectors. As you work through, you might like to think of similar examples from your own experience.

## Planning your work

The reading and reflection, scenarios and activities in each section of the workbooks are designed to take around two hours to complete (although some may take longer). This is a useful indicator of the minimum length of time that you should aim to set aside for a study session. Try to find a quiet place where you will not be interrupted and where you can keep your workbooks, notes and papers reasonably tidy. You may also like to think about the time of day when you work best – are you a 'morning person' who likes to get things done at the start of the day, or do you work better in the evening when there may be fewer disturbances?

## Preparing for assessment

Further information on assessment is available in the Student Guide produced as part of the *Pathways to Management and Leadership* series. If you have any further questions about assessment procedures, it is important that you resolve these with your tutor or centre co-ordinator as soon as possible.

## Further reading

Suggestions for further reading and links to management information are available via ManagementDirect through the Study Support section of the Institute's website at <http://mde.managers.org.uk/members>. Alternatively, email [ask@managers.org.uk](mailto:ask@managers.org.uk) or telephone 01536 207400. You will also find titles for further reading in the Bibliography at the end of this workbook.

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# Section 1 Identifying and planning resources

Time required: about 1½ hours

## Learning outcomes

By the end of this section you should be able to:

- 1.1 Identify those resources required to achieve objectives
- 1.2 Explain the process of planning resource use to achieve objectives
- 1.3 Analyse the costs associated with the resource required to achieve objectives.

## Resources in the transformation process

Managing the transformation of resources into outputs is generally referred to as 'operations management'.

- *Operations management is the management of a system which provides goods or services to or for a customer, and involves the design, planning and control of the system.*

Harris (1989)

All organisations transform inputs, or resources, into outputs. Take, for example the transformation process in a company that makes ice cream, as shown in Fig. 1.1.

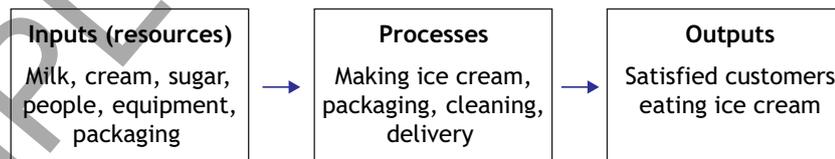


Fig. 1.1: Transformation process in an ice cream company (reproduced with permission from Elsevier, Pergamon Flexible Learning, *Maximizing Resources*, 2004)

Activity

Activity 1.1

(about 5 minutes)

Consider a call centre dealing with rail travel enquiries. Complete the table below to show its inputs, processes and outputs.

Inputs (resources)		Processes		Outputs
	>		>	

SAMPLE

Feedback

*You've probably included inputs such as people, information, buildings and equipment. The processes will involve answering phones, accessing information and interacting with customers. The output will be a satisfied customer with the information they need.*

The transformation process gives an immediate sense of the importance of having the right resources in place when required. Without them, the 'processes' become impossible, with the subsequent impact on customer satisfaction.

In the private sector, it's essential that the outputs are of greater value than the inputs (i.e. the organisation in question must make a profit). In the public and not-for-profit sector it's essential that the transformation process adds the best possible value for the cost of the resources that have been put in.

Before considering resources in any detail, managers have to start with planning.

### The wider planning process

- *Alice: Which way should I go?*
- *Cat: That depends on where you're going?*
- *Alice: I don't know where I'm going!*
- *Cat: Then it doesn't matter which way you go!*

Lewis Carroll, *Through the Looking Glass*

In everyday life, if we make plans we can exert some influence over what happens. Things may not turn out exactly as we had expected, but we are likely to have more control than if we simply react to events.

In business, spontaneity is not an option. There are several reasons for this. First, the consequences of a lack of planning are likely to be much more serious for an organisation than they are for an individual. For example, if you fail to plan your income for when you're retired, you will probably find yourself severely financially restricted when you stop work, but you are unlikely to starve. A business that does not plan where its income will come from in future years faces extinction.

Second, it usually takes much longer for an organisation to adapt resources to match events than it does an individual. If a business is going to take a major change of direction, it needs time to buy premises, design new products, offer new services and recruit and train new staff.

Third, an organisation's stakeholders (all the people who have a vested interest in the organisation) expect it to plan for the future. You would not take a job with an organisation that you thought would go out of business next month. As a supplier, you would not deliver goods to an organisation that you thought would be unable to pay your invoice. An investor would not buy shares in a company – and the bank would not give credit – unless the business appeared to be a going concern. In order to maintain their credibility, organisations have to demonstrate a commitment to the future for their stakeholders.

## The strategic planning process

The strategic planning process, as shown in Fig. 1.2, gives direction to an organisation.

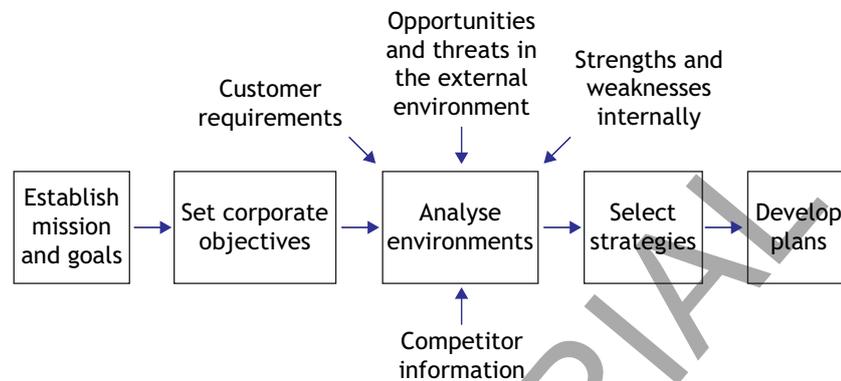


Fig. 1.2: The strategic planning process (reproduced with permission from Elsevier, Pergamon Flexible Learning, *Maximizing Resources*, 2004)

Any organisation needs a mission, goals and corporate objectives. In other words, it has to know where it's going. Once these have been defined, the organisation is then in a position to analyse the external environment and appraise the internal one before identifying its strategies and developing plans.

Analysis of the external environment is often referred to as PESTLE analysis, as it should include systematic consideration of political, economic, social, technological, legal and environmental factors. This analysis will often have a direct impact on resource requirements or operations, as the following examples show.

### Scenario

During the process of service planning, a hotel manager saw that the legal implications of the Equality Act 2010 would require a lift to be installed to ensure access for customers who were unable to use stairs. This resource requirement was costed and included in the hotel's refurbishment plans.

### Scenario

During a PESTLE analysis, a ship manager identified that the following two factors would have a major impact on operations:

- The European Working Time Directive would shortly apply to seafarers. This would create issues over on-board training and administration as they were activities that had traditionally been done 'outside' established working hours.
- Technological advances meant that an Automated Identification System (AIS) had been developed, which would become a legal requirement on all ships. The cost of purchasing and installing the AIS system would be approximately £800 per ship.

By identifying these factors, the ship manager could also identify the resource implications and include them in the forthcoming budget.

**Activity**

**Activity 1.2 (about 15 minutes)**

Consider the impact of external factors on your department/area of the organisation. Identify any PESTLE factors that you think will have an impact in:

- the next 12 months
- the next one to three years.

	Next 12 months	1–3 years
Political		
Economic		
Social		
Technological		
Legal		
Environmental		

SAMPLE

**Feedback**

*You need to keep up to date with external factors that will affect what you do. You can do this in a variety of ways – by joining professional bodies, investigating the impact of forthcoming relevant legislation, networking with other managers.*

Having analysed the potential impact of external factors, each part of the organisation sets objectives and plans to meet the overall strategy and goals. What's important is that the objectives and plans from all the different parts of any organisation feed in to the overall mission, strategy and goals. Everything has to be pulling in the same direction, as shown in Fig. 1.3.

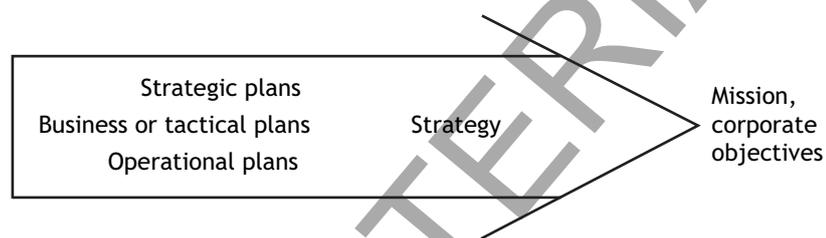


Fig. 1.3: Aligning plans (reproduced with permission from Elsevier, Pergamon Flexible Learning, *Maximizing Resources*, 2004)

There are three levels of planning:

1. A strategic plan is the formal statement of the strategy that has been selected. It should describe the overall direction in which the organisation is going to move.
2. A business or tactical plan deals with the medium term. If the strategic plan answers the question 'What are we going to do?' the tactical plan answers the question 'How are we going to do it?' It describes the means by which the strategic plan will be put into action.
3. An operational plan deals with what needs to happen to produce the products or services on a daily basis.

Plans made at each level are interdependent. A strategic plan can't work unless it's linked to a reasonable tactical plan – and tactical plans must be linked to practical operational plans. However far-sighted and exciting the overall strategy of an organisation, it can be realised only if it can be reflected in the day-to-day operational reality.