Topic 4

Determine resource requirements for new business ventures

Learner Guide

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BSBESB304 – Determine resource requirements for new business ventures

Application

This unit describes the skills and knowledge required to identify resources required for new business ventures; select options for acquiring them; and develop procedures and systems for introducing, using and maintaining them.

The unit applies to those establishing a business providing self-employment, as well as those establishing a new venture as part of a larger organisation. Resources may include business machinery, equipment and software.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

Performance Criteria

Element *Elements describe the essential outcomes.*	**Performance Criteria** *Performance criteria describe the performance needed to demonstrate achievement of the element.*
1. Establish resource requirements of new business venture	**1.1** Analyse business profile and consult with required personnel to determine business requirements for resources **1.2** Analyse factors impacting type and quantity of required resources **1.3** Record proposed type and quantity of required resources
2. Source resources required in new business venture	**2.1** Research options for acquiring resources that meet business outcomes **2.2** Evaluate identified options to determine reliability, risk, cost, and ease of access to service and support **2.3** Engage with suppliers and other key people to negotiate supply of resources according to established workplace activities **2.4** Select and document resources to be acquired and seek approval
3. Prepare for use of selected resources in new business venture	**3.1** Obtain or design procedures and systems for effective and efficient introduction and use of selected resources **3.2** Ensure procedures are in place to monitor resource use and maintain, repair and replace resources.

Assessment Requirements

Performance Evidence

The candidate must demonstrate the ability to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including evidence of the ability to:

- Select at least two different types of resources for a new business venture, one of which must relate to digital technologies.

In the course of the above, the candidate must:

- Select resources that suit the business venture profile
- Calculate required resource levels in line with business profile and projected business activity
- Select options for resource acquisition suited to business venture, including financial position and stakeholder needs
- Ensure procedures and systems are in place in relation to selected resources.

Knowledge Evidence

The candidate must be able to demonstrate knowledge to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including knowledge of:

- Business requirements relating to required resources, including legislative and regulatory
- Business venture profile and structure
- Factors impacting type of resources required, including:
  - benefits and challenges of specific resources
  - functions of required digital technologies, business equipment and machinery
  - warranties and conditions of use
- Factors impacting quantity of resources required, including:
  - business profile
  - projected business activity levels
  - business financial position
- Workplace procedures and systems for:
  - selecting and documenting resources to be acquired
  - seeking approval for resource acquisition
  - engaging with potential and existing suppliers
  - negotiating arrangements for supply of resources
  - using and maintaining resources.

Chapter 1: Establish resource requirements of new business venture

1.1 – Analyse business profile and consult with required personnel to determine business requirements for resources

By the end of this chapter, the learner should be able to:

- Determine information in a business profile
- Perform qualitative and quantitative analysis
- Speak with others to gain information relevant to resource planning.

Establishing a new business venture

Starting a business venture will require careful planning and preparation. Whether this is in relation to a new business or a new project at your workplace, you must take the time to understand your needs and how you can achieve this.

Firstly, you will need to look at your business profile. In basic terms, this will identify what the business is, what it can do, and the skills and other resources you have to do this. These can be written to fulfil specific business needs (much like a curriculum vitae (CV)), and you should produce a version of this for analysing your business profile in relation to the new venture.

The business profile

A business profile is an essential tool for you and others to read and refer to. It compiles information about the organisation (or your new venture) and outlines what this does or aims to do. It allows you to put everything that is important and relevant in one document to explain and identify the business.

This can be a basic outline, or it can be a detailed document that provides specific information about the current operations of the business. Many organisations have a long and short version for different purposes, for example, a long profile that identifies financial resourcing for accounts and a short version that is used to market the business to your customers.

It does not need to be detailed; a shorter profile can be clearer to read, and it can be used to focus on the important information. It should be written for a purpose and should be up-to-date to reflect the present situation.

A business profile will contain information, such as:

- The name of the organisation
- The relevant contact information of the organisation
- The resource capabilities, such as staffing, equipment and qualifications
- Achievements-to-date, such as projects undertaken and important clients

- The mission statement or ideals of the organisation that describes what you do or intend to do.

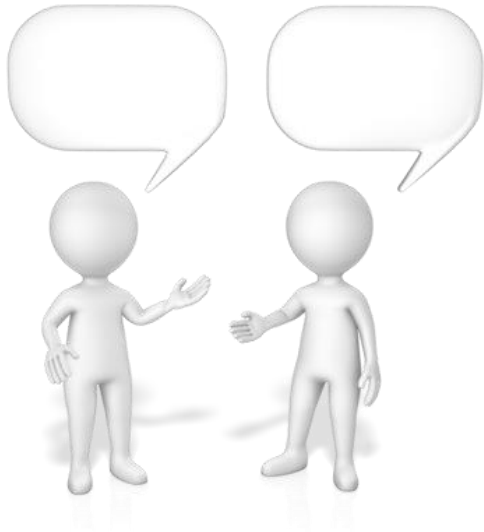
Analysing the business profile

Analysis is looking closely at the information and evidence that you have. This process is making sure you understand things fully, so you are able to make an informed decision that meets your needs. It helps you to identify the key pieces of information and data that will influence your decision-making.

Gathering information

The first step is to gather your information; you should locate the relevant text and numerical data that applies to your business and business venture. If your venture is for an existing organisation, you will have information accessible from your organisation. This will be in relation to organisational capabilities, resourcing and business plans.

If your venture is a new business, you will need to gather information from the relevant sources. This will include your own business planning and information from your advisors or new business experts.



For example, information may include your:

- Resources, such as equipment and machinery
- Business credentials, such as past successes or expertise
- Business market, i.e., what area you work in
- Products and services offered.

Analysis

There are different analysis techniques that you can use to gain an understanding of the business from different viewpoints. This starts with determining the type of analysis.

Qualitative analysis

This is where you read and interpret the opinions, experiences and thoughts of others. This type of information cannot be measured; it is assessing the personal and social influences that impact in order to make a judgement on how this may affect you. It can also include political factors and other aspects, such as cultural differences.

For example, if you want to know what others think about the business, you could ask a range of people, such as your customers, associates and advisors. This will give you knowledge on what they think about the business, but this is just limited to those persons and may not represent a majority view.

This can include:

- Descriptive analysis – looking at the type of words and feelings that are expressed to interpret meaning

- Narrative analysis – looking at the experiences or stories of others
- Grounded theory – looking for the truths and usable data that can be used for data analysis.

Quantitative analysis

This is analysing your hard facts and data. It is looking at information (text and numerical) to identify quantities and measured outcomes. This type of analysis is often interpreted through calculations and can be displayed in a variety of graphs. Quantitative analysis will give you accurate results from the data that you look at; however, you must ensure this is complete, current and accurate.

For example, you may want to determine how many customers have bought a particular product. If you have organisational records with this information, you will simply need to collate the data and then identify the total number.

This can include:

- Survey analysis – gathering data from your sources to confirm an outcome
- Correlational analysis – looking at two or more variables to determine how they connect and possibly influence each other
- Comparative analysis – looking at how data results compare.

Consulting on business requirements

When decisions need to be made, you should speak with those persons and experts who can help you. It is important to gain a wider perspective on your business venture, as you may be too invested in the outcome to take an objective view. For example, you may want to speak to your manager to get their opinion on something you are unsure of, or you may want to speak to a financial advisor to assist with cost planning.

In order to consult effectively, you will need to give an accurate portrayal of the venture and the hard facts that will be relevant to the stage you are at. You should provide information clearly and fully, and you should ensure that you do not miss out on parts that the other person should know about. You should take the time to ensure that your words have meaning and can be understood by someone else who may not be as closely connected to the venture as you.

As well as explaining information, you will need to be prepared to listen to the responses that are given. You must allow the other person to speak in return without interruption or a change of direction. The feedback you get can help you to make better choices, even if it is not what you always want to hear. You should be willing to take on board what others communicate and use this to make your decisions on your resource needs.

1.2 – Analyse factors impacting type and quantity of required resources

By the end of this chapter, the learner should be able to:

- Identify factors impacting on resourcing
- Perform a SWOT analysis to assess resourcing
- Understand the benefits of a PESTLE analysis.

Factors affecting resource needs

When determining your resources, you should look at what you already have and what you will need. It is necessary to have an accurate understanding of your existing resources, so you don't put time and money into sourcing resources that you don't need.

Resources include:

- Staff
- Equipment
- Materials
- Premises/space
- Suppliers
- Specific knowledge and expertise
- Financial.

Once identified, you should look at the factors that will influence the type and quantity of resources you will need. Factors can relate to things, such as the expected output or productivity of the venture and your intended business plans. You will want to source resources on the basis of your needs, so you do not set up an unsustainable business venture.

You should also be aware of your ability to acquire resources. This can be down to different things, which may be changeable according to when you need them and what else is going on socially, politically and environmentally. For example, you will want to source a reliable supply chain if you need to import materials for manufacturing.

Factors may include:

- Size of the venture *(and how much of a particular resource you will need)*
- Costs *(how much money you have to obtain resources)*
- Skills *(what you need to carry out the venture)*
- Time *(how long it will take to obtain resources)*
- Technology requirements and new technologies *(this can improve productivity but may come at a cost and mean that you need new skills)*

- Supply chain issues *(where you get your materials and supplies from)*
- Competition for resources *(supply and demand needs)*.

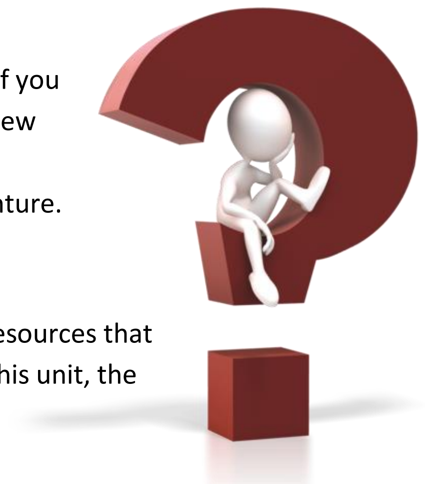
<u>Benefits and challenges</u>

Some resource types will be easier to source than others, for example, costs may be low and stocks may be plentiful. The resources under this type can be sourced competitively, and you may be able to negotiate good contract terms. This can include short timeframes for reordering and discounts for resources that are under contract. You should always assess if such benefits can be found and seek to develop a relationship with your source that will enable you to discuss such terms.

Other resources may be hard to find, and you may be competing against others for a regular supply. Care should be taken in these circumstances to make sure that you factor in a long reorder time, so you don’t run out. You should also plan alternative resource types or additional sources, in case they become difficult to obtain. Resources in this category will include those that are specialist, hard to find, and take a long time to be produced.

Resource quantities may be restricted according to how much money can be invested. Over time, as the venture takes off, you may find that more money is available to you for acquiring more of a resource. As this starts, you may also find that resource quantities are low until the venture is established and able to grow. Therefore, resource amounts may change, and you should monitor resource activities in your records.

Equally, quantities may need to reflect the business profile; for example, if you usually operate at a high turnover, it may be expected that quantities in new ventures will be similar. You should identify the expectations for resource quantities and manage expectations according to the feasibility of the venture.



Analysing factors affecting resource needs

You should analyse the factors that will impact the type and quantity of resources that you need. Further to the type of analysis, as mentioned in section 1.1 of this unit, the following analysis techniques can be useful for your resource planning.

<u>SWOT analysis</u>

A strengths, weaknesses, opportunities and threats (SWOT) analysis can be performed to look at your organisation’s business, in part or whole. This can be performed to assess your resource needs.

Under each category, you can assess your resource needs:

- Strengths – the resources you already have and use well
- Weaknesses – the resources you don’t have, such as skills or equipment
- Opportunities – the options available to access resources, for example, Government grants or a recruitment agency
- Threats – the possible issues that may prevent you from obtaining the resources you need, such as low funds or strong competition for resources.

Strengths and weaknesses usually refer to the internal factors within your organisation; opportunities and threats are usually the external factors that you will be faced with.

PESTLE analysis

A political, economic, social, technological, legal and environmental (PESTLE) analysis helps you to look at the external influences you will be faced with in regards to your new venture. These external influences are beyond your control, but can be analysed to make sure you know what may impact your resourcing. Once these are known, you can then seek ways to manage or overcome the factors that may impact negatively.

PESTLE is:

- Political – changes made at a Government or local government level can impact how your business operates, for example, an increase in imports or exports
- Economic – changes to the economy can influence business, such as consumer spending and confidence, or cost increases on materials
- Social – this is about the habits of your target audience, such as likes, current trends or available income
- Technological – the technology that may impact your operations or customer trends
- Legal – the legal requirements and limitations of your business
- Environmental – this will relate to how your business impacts the environment through its use of resources and pollution, for example, how must waste you may have with material resources and what you see as being an acceptable amount of waste.

Often this acronym is extended to include ‘ethics’ – so from PESTLE, you add an extra ‘E’ and swap the letters around to turn this into STEEPLE.

Ethics, as an additional point of analysis, can help ensure that your venture accesses ethically sourced and sustainable resources. This can cover aspects, such as sources of materials, appropriately skilled workers, and operating fairly.

A note on competitor analysis

Competitor analysis is commonly undertaken by organisations in order to understand its position in the market place and how it compares in business. It lets you know who your main competitors are, how they are doing, and what you need to do to successfully compete against them. However, this may also help you to assess your resourcing requirements. You can analyse competitor operations to see what resources they have and how they use them.

Legislative and regulatory factors

As well as operational factors, you should also be aware of the legislative and regulatory requirements for the business venture and your use of resources. This may impact how you operate, and you should make sure your resource planning meets legal and regulatory requirements.

Legislative and regulatory factors may include:

- Work health and safety – such as personal protective equipment (PPE), safe work premises, ergonomic work areas, and permits or licences for certain kinds of work
- Consumer law – such as product safety and standards, and customer services, including terms and conditions of sale and contracts to supply
- Anti-discrimination – such as accessibility requirements for workers and customers
- Confidentiality and privacy – such as secure storage of personal information and non-disclosure of this type of information to third parties
- Recordkeeping – such as documenting financial activities and reporting this each year to the appropriate authority.

1.3 – Record proposed type and quantity of required resources

By the end of this chapter, the learner should be able to:

- Document resource needs
- Categorise resources in recordkeeping.

Document resource requirements

Once you have analysed your resource needs, you will need to document these to ensure you make a record. You may want to document this as one record in relation to resources for the new venture, and you may want to document these separately according to the category they fall within.

Resource categories may include:

- Human
- Knowledge and skills
- Equipment and machinery
- Financial.

You can add quantities of resources, such as three new staff, or include other relevant information, such as when resources will become available. This can be recorded on project management or planning software, and it can be recorded in page layout or spreadsheet programs. Spreadsheet software can also be used to filter and sort data according to any analysis needs.

For example:

Resources for venture X			
Human	**Knowledge and skills**	**Equipment and machinery**	**Financial**
X2 work personnel – required by the 1st of next month	Knowledge of the products being produced Customer service skills	Office computer system and software Communication technologies	Resource budget $80,000
X1 client manager – position filled, start date to be confirmed	Knowledge of the products being produced management skills		

This is a simple example that shows you how resources can be recorded; the more detail you need to include, the more sophisticated this will be. For example, you may have a separate column to indicate quantities, and show a breakdown of the financial costs against each resource this applies to.

You may also want to specify your suppliers or sources for your intended resources, and this information can also be added in.

General documentation requirements

Documentation and recordkeeping should follow a consistent approach, so this is recognisable. This will include how information is formatted and presented. Formats will relate to the way that information is kept; this is usually as electronic or paper documents and records, and your resource records should be kept in a format that is relevant to you and your work needs. This will also be according to the requirements of your organisation.

Information should be presented neatly, clearly and logically. You may need to refer to this at different times, and it will be necessary to follow the same recordkeeping standards to interpret information and data easily and reliably. For example, this may include a particular style of writing, the terms you use and the type of information that you record.

All business records will follow set requirements and procedures, but having general documentation standards will ensure that you keep and maintain legible records.

Recordkeeping standards

Some standards for documentation and recordkeeping are mentioned below; this will allow you to keep records that are accurate and traceable.

Standards include the following:

- Determine the information that needs to be recorded
- Complete documents and records at regular times/intervals
- Check spelling, grammar, accuracy and meaning each time
- Sign and date records (as applicable to the type of record)
- File and store records according to a specific naming/coding convention.

Chapter 2: Source resources required in new business venture

2.1 – Research options for acquiring resources that meet business outcomes

By the end of this chapter, the learner should be able to:

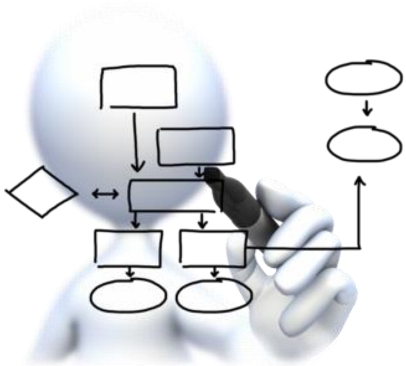
- Determine resource requirements that need to be researched
- Identify suitable resource options.

The new venture

When you come to source resources, you will need to have a clear idea about how the business venture will operate, its profile and its structure. This is so you identify appropriate options for your resource needs.

For example:

- Business operations:
    - how will resources be used
    - what quantities will be required
    - how often do supplies and materials need to be reordered
    - will staff need to have training
- Venture profile:
    - what the venture hopes to achieve (its aims and goals)
    - the skills that are required
    - where it will operate
    - the approach that will be taken to conduct business
- Venture structure:
    - how many staff there will be
    - how the venture will be managed
    - hours of operation
    - work processes.



Once you are fully aware of these types of requirements, you can then look at researching appropriate options that are cost-effective and sustainable for your business needs.

Researching resource options

Your possible sources may vary, and it will be necessary to identify options that will be the most suitable for your set-up. This can be influenced by location, availability, capability and cost. The likely options that suit your business model should be investigated further, as you may find that your supply needs can be negotiated at suitable terms and cost.

You can search for sources online, in trade publications, or by speaking with business associates and industry experts. You may want to check who can provide these services in your local area, depending on what these are and how they need to be supplied. Resource providers will often be known by reputation and you should take the time to check any business credentials. You should always use those that have a good record of service provision, or which come highly recommended by those you trust.

Human resourcing

This is about filling roles and making sure that you have the correct number of workers for your needs. As a new venture, you may not require many people, but you should look at roles and responsibilities, and make sure these are written down and properly assigned to individuals. You should also be aware of how much you ask of others and not expect them to do more than they should.

The Fair Work Act 2009 (and Fair Work Regulations) is in place to ensure that workers have employment standards; all businesses must follow this legislation. It includes minimum employment requirements, such as holidays and leave, performance and warnings, redundancy, and workplace protections. You may advertise job vacancies in local papers and online, or you can use a recruitment agency to make the initial candidate selection for you. The bonus of a recruitment agency is that they can have prior knowledge of candidates or individuals, and may know who will be suitable for different roles.

Human resourcing can also include using external service providers, such as an IT consulting and software service, human resource service or accounting service. You may also partner up with a producer or manufacturer if you are selling goods. These will be the additional human resourcing and skills that you need to fulfil your business requirements.

Knowledge and skills

It is important to be aware of the existing knowledge, skills and experience that you have for the venture. You should identify what you have and then look at what you need. This can be gained by employing specific individuals who have these requirements, and it can be achieved through training and knowledge-seeking activities. For example, you may attend a business seminar, speak to an industry specialist, or research particular knowledge or skills.

Training can be practical or theory-based, and you should look at using authorised training services and providers if this is needed. Some work roles may require specific qualifications or licences, and you should take the time to identify any such legal requirements.

Equipment and machinery

Equipment and machinery will cover all of the items that you need to carry out tasks. This can be generic office equipment and it may include industry-specific equipment and machinery. As with all resourcing, this can be costly, and you should research these needs thoroughly before making any decisions.

Equipment and machinery may include:

- Office/work furniture
- Computers, keyboards and screens
- Telecommunications equipment
- Digital systems and technologies.

The equipment and machinery you choose should be capable of the productivity levels you expect to reach, and must fit into the premises or space that you have. Any technology should be checked for compatibility needs across devices and platforms. For example, if you require a manufacturing machine to link up and communicate with another device, the system software should be able to connect and transfer data or commands as necessary. Equally, it may be tempting to purchase or lease a high specification machine, but if this does more than you need, it could be a waste of money.

You will need to think of equipment or machine maintenance and servicing costs, and who you will use to do this. Equipment on a lease may require a servicing contract to be in place, and this must be maintained to fulfil contractual arrangements.

Purchased items should come with the appropriate warranties in place to cover any possible issues or faults within the initial period of ownership. You may also want to consider extending the warranty or taking up a serving contract to maintain the condition of equipment and machinery.

Equipment and machinery should be used according to instructions and capabilities. Items must be looked after and used as intended to prevent causing an issue, fault or possible incident. Conditions of use will include following operating instructions, maintenance duties and correct material-use requirements. You should always use equipment and machinery as described in the manufacturer's instructions and manual. There may also be work health and safety instructions that need to be followed, for example, always switching off machinery after it is used, wearing PPE and using machine guards.

Digital technologies can be used to make work processes and tasks more efficient and quicker. This can include using more automated systems to reduce steps in tasks, and it can mean introducing specific functions that reduce the need for skills or experience. These types of technologies will vary and will mean using different types of hardware and software. If this is an important factor for you, you should ensure that your premises have the correct electrical and power capabilities. Staff will also need to be properly trained to use any new technologies.

Financial

Your financial resources will need to cover your expected resource needs, and also any other materials that will be required to establish the venture. It is important to identify your available budgets for each type of resource, and your spending limit. This is where negotiating the procurement of resources can be helpful as you may be able to secure a more cost-effective option this way. The decision to stagger spending, or to lease rather than purchase may be needed. This is so you can maintain healthy finances. A new venture may take time to pay back, and you will need to pace your spending to ensure you have money when it is needed.

This resource must be managed carefully and it will be essential that you refer to your finance manager or external accountant for advice on how to do this.

Research new ideas and opportunities

When you research options, you should be open to looking at the possible ways you can secure resources. However, you should always remember to check that sources are reliable and proven.

New ideas may include where you source from, how you set up arrangements for sourcing, or using alternative resources that you may not have previously considered. When looking at other opportunities and ideas, always take the time to check that sources operate legally, ethically and sustainably.

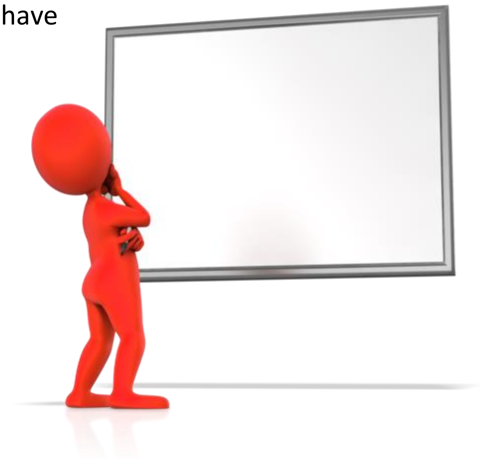
2.2 – Evaluate identified options to determine reliability, risk, cost, and ease of access to service and support

By the end of this chapter, the learner should be able to:

- Assess the best supply options from available data and information
- Determine options that are the best for reliability, risk, cost and service.

Evaluating resource options

When you have a shortlist of potential supply options, you should look more closely at these to identify which are the best options. Evaluating will require you to read and compare resource types, options and services against each other; you should analyse the information you have gained.



Evaluating should include determining which are:

- Reliable
- Low-risk
- Cost-effective
- Easy to access services and support.

<u>Reliable</u>

Supply options must be reliable; your business venture will need a secure supply chain. The supplier must be able to fulfil the agreements that you make together, and they must meet the same standards of quality, consistency and timing. Costs should be agreed and followed, and a good supplier relationship encouraged.

<u>Low-risk</u>

Risk can relate to different things, such as timelines for supply and resupply of goods and services. Risk will be those factors that can harm your business venture; these should be recognised and assessed. Your sources must offer you the lowest risk.

<u>Cost-effective</u>

Cost in resourcing will need to suit your budget and financial capabilities. This can mean sourcing the cheapest suppliers, but this does not necessarily mean you will achieve reliability or low risk. Cost-effectiveness is a better way to gauge suitability, and this will include assessing cost, payment plans and terms, services, and quality of resources.

You should analyse your available data to determine the number of resources required and how much this will cost. For example, you can create a spreadsheet and document your resource items with the quantities and cost per item. You can apply mathematical equations to excel cells to calculate how much resources may cost in bulk and as total amounts. By recording items and their costs, you can then compare supply option costs more easily against each other. The application of cell formulas will also mean you can look at different calculation options, such as how much ten of something will cost as opposed to twenty.

Easy access

This last point will be more relevant to ongoing supply contracts, such as the ease or speed for reordering resource supplies and materials. Your chosen suppliers should be easy to communicate with; they should respond within an appropriate (or agreed) timeframe and fulfil services as expected. They should support you with information, expertise and advice as relevant to the resource item.

Using technology

When planning and analysing resource requirements, you will find this easier if using digital technology and software applications. This can include spreadsheets and project planning software applications. You will need to input and check the data, and then format this according to your requirements.

Data can be typed, collated and ordered in a usable way; this makes it quicker to perform calculations and to assess the information. You can select specific data fields, isolate items and filter data according to your required criteria (such as filtering data to show supplier costs in order of high to low).

Equally, this type of software can be used to interpret information visually in graphs and tables, making this more readable if sharing this with others. You can also print out calculations and data views to report and collate records. Information and data can also be shared with others electronically in saved files, which can then be sent or made accessible to others on work systems.

Procedures for selecting and documenting resources

When you determine your resource needs, you should follow procedures that identify the steps you must take. Organisations will establish procedures for all kinds of tasks, and these will be the steps that prove to be the most efficient and effective at doing this. They will also incorporate any legal and ethical requirements that must be followed.

If your business venture is completely new, you will need to establish your own procedures. This will not only allow you to map out the actions you need to take, it will also act as a record of what you have done. This should be used each time, so you adopt a consistent way of working.

You will need to have procedures for:

- Identifying resource requirements, including:
  - gathering information about resource needs
  - analysing information about resource needs
  - documenting your resource needs
- Identifying potential supply options, including:
  - researching supply options
  - assessing supply options

- Selecting suppliers/resources, including:
  - shortlisting suppliers that best meet your needs (or criteria)
  - contacting potential suppliers to discuss resources and terms of supply
  - negotiating terms of supply
  - selecting the most appropriate sources that meet your needs
  - entering into agreements and arrangements
- Documenting resources; including:
  - creating records of resources and resource agreements and arrangements
  - setting up work systems to identify resources and resource arrangements
  - creating records of suppliers and financial records of resource costs and financial activities.

2.3 – Engage with suppliers and other key people to negotiate supply of resources according to established workplace activities

By the end of this chapter, the learner should be able to:

- Use good communication and negotiation skills with suppliers and key people
- Listen effectively in communications
- Ask questions to confirm the requirements for resources.

Negotiating the supply of resources

Your communications with suppliers and other stakeholders, as relevant to resource acquisition, may include conversations, meetings and messages. At this stage, you will need to establish what you want from suppliers and what you are able to do to secure this.

Before you enter into negotiations, you must be clear on the limits that you can go to; this is so you can maintain your position in the negotiation. There may be compromises to make, but you must take care not to agree to anything that you cannot fulfil.

Negotiations will require the following skills:

- The ability to listen and remain objective
- A patient and calm manner
- The ability to be flexible and seek compromise
- The ability to problem-solve and make decisions
- A collaborative strategy that seeks a mutually beneficial outcome.

Communications

Your communications will need to follow business protocols and procedures. This will include arranging suitable times to meet or converse, and using the correct methods to communicate with each other. A process of going backwards and forwards may be needed as you refine your needs and establish agreements.

Communications must be conducted in a professional and courteous tone, and your language should be polite and clear. You should be respectful to others and engage in positive communications that are assertive but not aggressive.

You should:

- Outline what you want instead of what you don't want
- Be brief and concise

- Be clear and specific
- Be constructive
- Offer solutions and alternatives
- Avoid negative words
- Avoid being forceful.

Assertive communications are about stating your needs and position, while still listening to others and being considerate of what they need or can do. This is taking a proactive approach to reach outcomes that all parties can agree with. It is looking at the possibilities and working together to identify a course of action.

Active listening

In communications and negotiations, you will need to respond appropriately to others. Active listening is a communication technique that you can use to do this. The listener must fully concentrate, understand, respond, and then remember what is being said to them. To become an active listener, there are five key points to master.

Pay attention – you must give the speaker your undivided attention, which will require you to:

- Look at them directly
- Ignore distracting thoughts
- Try not to be distracted by environmental factors.

Show that you are listening – you should use your own body language and gestures to confirm your attention by:

- Nodding occasionally
- Smiling
- Using an open and inviting posture.

Provide feedback – by providing feedback, you are confirming to the speaker that you are engaging with their conversation; you can do this by:

- Reflecting what is being said through paraphrasing or summarising
- Asking questions regarding certain points.

Defer judgement – you shouldn't interrupt the speaker; you should defer your judgement till a later time, i.e.:

- Allow the speaker to finish each point
- Don't interrupt.

Respond appropriately – by responding appropriately, you are making sure that you respect the speaker and what they have to say; you can do this by:

- Being candid and honest
- Giving your opinions respectfully
- Treating the speaker in a respectful way.

Source 'Active Listening' at Mind Tools, retrieved from https://www.mindtools.com/CommSkll/ActiveListening.htm.

Effective listening

To hear what others are saying, you should also use effective listening skills. This is about allowing the other person to speak without interruption, and along with listening, you should observe any other signs, such as pauses or body language, that also convey meaning.

You should:

- Focus on the speaker
- Have an open mind
- Encourage the speaker
- Let them finish
- Notice the tone and volume
- Maintain eye contact
- Ask questions where necessary
- Empathise
- Try to understand the speaker and their position.

Questioning

At times, you may need to find out information or seek clarification. To do this, you will need to use questioning techniques. The type of question you ask will lead the speaker to provide information in a certain way; some well-used techniques are mentioned next.

Questioning techniques include:

- Open questions – these prompt the speaker to elaborate about a point or to provide further information; for example, 'What will this agreement enable me to do?'
- Closed questions – these are straightforward questions that require a short and clear answer, such as a 'yes' or 'no', and are useful to clarify information; for example, 'How many times can I place an order each month?'

- Clarifying questions – these are useful if you need to check that information is correct; for example, 'Am I right to believe that…?'
- Probing questions – these are used to find out information from the speaker in a targeted way; for example, 'What happens if you have a supply chain problem?'

Following workplace procedures

Further to section 2.2 of this unit, workplace procedures will need to be followed to engage with your identified suppliers. Systems will need to be in place to manage these communications and to record the outcomes of your communications.

Workplace procedures and systems:

- Engaging with potential and existing suppliers, for example:
  - having formal meetings to discuss resourcing
  - having informal discussions and communications
  - sending letters and written communications
  - making records of meetings and communications
- Negotiating arrangements for the supply of resources, for example:
  - establishing a negotiation process with suppliers
  - arranging timeframes for communications and negotiations
  - entering into negotiations and agreements
  - documenting agreements and arrangements.

2.4 – Select and document resources to be acquired and seek approval

By the end of this chapter, the learner should be able to:

- Choose resources and suppliers that best meet the needs of the venture
- Compile objective information about resources and suppliers.

Resource acquisition approval

When resourcing has been discussed and selected, your next step is to seek approval from organisational management and/or other stakeholders involved in the business venture, so you can then acquire these.

All resourcing decisions and agreements must be made with the relevant persons, so they are able to provide their input before formal agreements and contracts are finalised. After this point, it may be impossible to alter agreements or make further changes.

Procedures to seek approval for resource acquisition:

- Gather and document resources and supplier information
- Arrange a meeting or discussion with the relevant persons to talk about the selected resources and suppliers
- Attend a meeting or conduct a communication and provide the information and documentation that supports your choices
- Discuss and seek agreements for resources and suppliers
- Formally document and communicate agreements in writing, allowing time for recipients to respond to confirm this before proceeding.

Documenting resource acquisition

You should document the resources that have been initially agreed upon, so there is a clear record of what you have determined. This will include listing each resource item and type, the supplier, resource quantities and costs, along with an outline of the agreement(s) in principle. This can then be presented to the persons you need to seek approval from or with.

You should compile this into a format that is logical and in sequence of the events. This is so others can read and understand the information you are giving them. You may need to produce this as a report document that summarises what you have done, and which gives background information about the suppliers and your selection process.

Your information should be factual and without personal bias to any preferred suppliers. The persons that you need to discuss this with will need clear and objective information that enables them to make decisions that reflect the evidence accurately.

Objective information is:

- Without unnecessary emphasis
- Not influenced by feelings or opinions
- Evidence-based.

Your selection process must be fair, and be according to the merits of suppliers and the criteria that you have established as that which shows success.

Your document should be saved and/or stored for your business recordkeeping. You should also circulate a copy of this with the relevant persons for approval.

Documentation standards

As mentioned in section 1.3 of this unit, documentation requirements and standards must be followed to ensure that business records are consistent, neat and professional. As well as those points mentioned previously, other standards will include using a specific font and style of presentation. This gives your documentation an organisational identity. This can include the placement of a company logo, consistent application of document margins and columns, and the use of colour.

Other documentation standards include:

- Methods of presentation, such as a report with a front title page or a resource plan that lists and schedules resources
- Size of text
- Style features, such as underlining text and a particular symbol used in bullet point text
- Specific/standard organisational text lines
- Page numbers and document headers and/or footers.

Chapter 3: Prepare for use of selected resources in new business venture

3.1 – Obtain or design procedures and systems for effective and efficient introduction and use of selected resources

By the end of this chapter, the learner should be able to:

- Assess resources for specific management needs
- Identify system and procedure requirements
- Establish systems and procedures.

Making preparations for resources

Once resources have been identified, you should establish procedures and systems for their use. This will help you to manage and monitor resources more efficiently.

Procedures and systems will be determined by all businesses to govern how work is done. As mentioned, procedures are the steps that should be taken to complete tasks and work processes. These provide a consistent approach to working, and will be those steps that are identified as being the most efficient and effective. This should include safety factors, such as using safety equipment and checking that work meets the required standards.

Systems are the way in which work is carried out; for example, an IT system will be established to hold and store information, and a security system is developed to enable you to be safe at work. Other systems include ordering systems for customers, reordering systems for resources, communication systems, and accounting systems. Systems enable you to carry out tasks and will support the achievement of work.

<u>Identify your resources</u>

You may want to start by categorising resources, so you can look at each category and establish systems and procedures that are appropriate for them. For example, your human resourcing will be handled very differently than your equipment and machinery.

In relation to human resourcing, you will need to establish employment terms and follow employment laws to manage workers. Therefore, systems and procedures will relate to human resource employee management, such as job roles and tasks, performance reviews, employee entitlements, and taking leave. Other systems and procedures will need to be developed for the work itself; workers will need to know how they should carry out their tasks.

Equipment and machinery will require systems and procedures to govern how they are used. This can include systems to identify and record equipment/machinery, standard operating procedures and maintenance procedures.

Resource materials will be those items that allow you to conduct business, for example, office stationery and manufacturing materials. Systems can include ordering and storage systems, and procedures will need to outline how these items should be used, maintained and reordered.

Your financial resources will need to be managed through financial systems and accounting procedures. Money must be carefully tracked and managed by those persons with the right qualifications and experience. This can include using financial analysis system software, financial planning procedures, and financial recordkeeping systems and procedures.

Note: all resources should have systems and procedures to monitor and track their use. This will allow you to check on resource performance over a period of time, and will help you to make plans further along as your business needs change.

Establishing systems and procedures

Your systems and procedures must be right for your business venture; they need to enable and support the work that you intend to do. Therefore, you may want to design your own systems and procedures, if none are currently available to you.

A system is having the framework for using a resource; for example, if the resource is to be reordered, a system will need to be in place to identify and establish the requirements for this. You will want to have a system to record and monitor how this is used, so you are able to reorder a resource before it runs out. You may also need to have a system that identifies quantities of resources; as an item is used, a system can be in place to record changes to stock levels.

Systems will be relevant to the type of resource, but this example does show you how a foundation for using a resource must be identified and put in place.

To design a system, you need to know:

- What the resource is and how it will be used (so you can set up the correct infrastructure to manage this – you can map out what you need in a diagram that allows you to see this as visual components)
- What needs to be in place to manage this (so you can incorporate all aspects relevant to the resource, and gain the necessary skills, etc., to do this)
- The risks that may prevent resource use (so you are aware of what may happen and can make contingency plans to maintain use and access to resources).

Procedures will be looking at each separate part and then developing steps and actions that will allow you to perform that task or function.

To design procedures, you need to:

- Look at the task or function, and what needs to be done to complete this
- Identify each step and how this is best done, making sure this is safe, legal and ethical

- Assess the steps for consistency and quality at achieving the task or function, reliably each time
- Choose the steps that are proven for their reliability and safety, and which meet legal and ethical requirements.

You may want to work with a business consultant or expert with experience in work systems and procedure design.

It may take time to identify a suitable structure and framework for using resources, and you should be prepared to analyse and assess systems and procedures. You should undertake a process to refine these until you are happy that the results meet your needs.

3.2 – Ensure procedures are in place to monitor resource use and maintain, repair and replace resources

By the end of this chapter, the learner should be able to:

- Monitor how resources are being used
- Ensure that resources are maintained
- Establish repair and replacement requirements for resources.

Procedures to monitor resource use

As mentioned in section 3.1, you will need to have procedures to monitor your use of resources. This is essential for understanding if you have got the right resources or whether you need to make changes.

Monitoring will help you identify:

- Resources that are used more than others
- Resources that are not being used as expected
- Resource efficiencies
- Resource issues
- Resources that may need to be adjusted or changed.

Procedures to monitor resource use will include visual assessment and record analysis. For example, you may want to observe how resources are being used or inspect the condition of resources. You may also want to analyse work records to identify where resources are being used and whether this is efficient. Timelines for monitoring your resource use should also be established, along with written procedures on how to do this.

For example, procedures will include:

- Setting a date or interval for monitoring
- Identifying how information and data will be gathered and assessed
- Assessing resource use against resource plans and expectations
- Tracking resource use and costs
- Reaching a conclusion or decision on resource use.

Procedures to maintain and replace resources

As resources are used, procedures to maintain these should also be established. For example, machinery may need regular cleaning, and you should monitor employee performance to determine how they are doing and how they can progress. You should not leave resources to chance; all equipment, machinery, materials, premises, tools and personnel should be looked after. If you do not, these cannot be guaranteed to perform well for you and, overtime, resources can become ineffective.

Depending on the resource, procedures to maintain, repair and replace should be determined. You should also develop systems that can be applied to each resource category, such as an employee performance system, and a maintenance/servicing system for machinery. This will help you to manage these requirements in an organised and efficient way.

For example, maintenance procedures will include:

- Specific steps to clean and look after resources
- Checking and inspecting resources
- Packing and storing resources
- Following a maintenance program
- Recording maintenance tasks.

For example, repair procedures will include:

- Reading manufacturer manuals/repair instructions
- Following steps to make a repair
- Checking that repairs have been made successfully
- Reporting repairs that have been made
- Reporting repairs that have not been successful for further repair or replacement.

For example, replacement procedures will include:

- Reporting or documenting the need for a replacement
- Requesting a replacement
- Seeking approval for the replacement
- Ordering or reordering the resource
- Documenting the replacement.

<u>**Written procedures**</u>

All procedures and workplace information should be written simply, with clear grammar. These must provide straightforward instructions or pieces of information. This will include using the appropriate vocabulary and terminology that is used in your workplace and business industry. You should use plain English to write instructional documentation to ensure that information is concise. This involves writing in the active verb, which will identify clear ownership in task instructions.

References

These suggested references are for further reading and do not necessarily represent the contents of this unit.

Websites

'Active Listening' at Mind Tools: https://www.mindtools.com/CommSkll/ActiveListening.htm

All references accessed on and correct as of 26.11.2020, unless otherwise stated.