

Chapter 3: Allocating Resources

Overview

There are many factors related to allocating resources that an administrative assistant may not have been involved with. This chapter will introduce the topic and some of the extra concerns and responsibilities that one might have in this type of organization.

Lecture Notes

A. Controlling

Focuses on evaluating performance according to the plans that were set.

1. **The Control Process** is easier the more effectively that a manager plans, organizes, staffs, and directs.
 - a. Basic steps includes the following four steps:
 - Determination and definition of goals
 - Establishment of standards
 - Comparison of performance against standards
 - Correction of unacceptable deviations
 - b. Control mechanisms are used to ensure that progress is being made toward certain objectives. They are precontrol measures, concurrent controls, and postcontrol measures. They are classified according to control.
 - c. Resistance to control would lead to a low correlation; managers are responsible for keeping work activities in line.
 - d. Information controls include accounting, budgetary, cost, inventory, and production.
2. **Contemporary Production Processes** include mass production (assembly line) and flexible processes (due to changes in technology). More and more organizations have adopted flexible processes with characteristics of mass production.
3. **Modern Technology and Control Processes** have improved with technology.
 - a. Robotics uses programmable machines to perform repetitive tasks directed by software.
 - b. CAD, computer-aided design, allows engineers and designers to use computer systems in their design processes.
 - c. CAM, computer-aided manufacturing, follows up on CAD with programmed instructions sent to machines to perform the steps.
 - d. CIM, computer-integrated manufacturing, involves different operations that are organized around the computer and integration of people and machines in an automated manner.
4. **Planning and Scheduling Production** in an efficient manner is key; production must efficiently produce quality goods to meet customer demands.
 - a. Aggregate planning involves making decisions about the firm's capacity and forecasted sales. The effect covers the entire organization, so choosing the best strategy(ies) is important.

- b. Master production schedules develop detailed schedules for products, facilities, and personnel; they must be developed within the parameters set by the aggregate plan.
- c. Planning and scheduling projects related to noninventoriable work involves different methods because of the complexity and nonrepetitive nature of the activities required.

B. Materials—Procurement, Processing, and Control

1. **Authorization and Ordering of Materials** involves several elements.
 - a. Costs for inventory must be adequate.
 - b. Inventory planning is an attempt to accommodate changes in the demand due to seasonal demands, projected sales increases, and buffer stock.
 - c. Quantity discounts provide an opportunity to save money, but the benefit must outweigh the cost of storage.
 - d. Timing is important so supplies are available as they are needed without spending extra money too soon.
2. **Make or Buy Decisions** involve choosing whether to use an outside supplier or to produce items “in house.”
 - a. Make decisions are sometimes made when production in house is economical or when superb quality of subassembly is important.
 - b. Buy decisions are made when a special expertise or equipment might be necessary for the parts.
 - c. Costs of buying from a fixed supplier include creating a dependency on them for the products, but the cost of changing may be higher.
3. **Receiving and Warehousing Materials** involves many steps to ensure quantity and quality of goods.
 - a. Receiving policies and procedures should be developed to ensure payments are made according to the requirements of the merchandise received.
 - b. Warehousing facilities depend on the products, space, and other storage requirements.
4. **Inventory Management Policies** link major functions needed to serve customer needs.
 - a. The economic order quantity (EOQ) equation is used to determine how much should be ordered to meet estimated demand at the lowest cost; it provides the basis for balancing the costs affected by inventory replenishment decisions.
 - b. Manufacturing vs. distribution inventories identifies the two types of inventories that need to be managed.
 - c. Inventory control systems should be selected to coincide with the types of inventories being held. Options include the fixed order-interval system, fixed order-quantity system, combined systems, and just-in-time systems.

- d. Computerized inventory control systems are common today; they use bar codes to track the inventory. They provide data, but cannot solve inventory problems.

C. Facilities

Facilities have strategic implications on profit. When making decisions, answer these questions:

Where should the plant be located?

What physical design would be best?

How much space is needed for each business function (production/administrative)?

What is the most cost-effective layout for staff support functions?

1. **Plant Location** is a difficult decision to make; considerations include nearness to resources and customers, transportation, availability of labor, and growth and expansion opportunities.
2. **Facility Design** should be consistent with the organization's purposes, functions, and customers.
 - a. Common production facility layouts may be fixed, focus on processes, or focused on products.
 - b. Operations facility layouts may be fixed or service-oriented.
3. **Relation of Administrative and Production Space** includes determining where to locate each function and how much space it will need.
4. **Office Design** has also changed because of technology. Flexibility is the most important requirement when designing office space.
 - a. Modern technology has freed up distance and space considerations for managers and staff. Some employees have the opportunity to work from home. Other changes include open-office designs, modular office/task lighting, high-tech ergonomic furniture, and privacy.
 - b. Ergonomic advances have led to healthier choices for furniture and work areas; that has led to higher productivity.
 - c. Environmental factors such as temperature and ventilation affect everyone

D. Quality Control Systems

1. **Quality** means "fitness for intended purpose"; it is a measure of how closely goods/services meet specific standards. Quality is a relative concept.
 - a. Managerial problems are often blamed for poor quality because managers didn't set or enforce standards. Some complaints include letting defective products go, avoiding follow-up service, lack of standards, cost of poor quality, and establishing fault.
 - b. Measures of quality differ between manufacturing and service businesses. In manufacturing systems, measures relate to physical standards and performance. In a service system, quality standards are not as objective—they may be related to time or output.

- c. Liability for poor quality has been established. Negligence relates to reasonable vision of the misuse on the part of the producer. Product warranties can be expressed or implied regarding the workmanship and quality of the parts.
2. **Quality Control Process** is specific to each company. Quality control includes a series of planned measurements to verify compliance with quality standards. Process must be responsive to the firm's needs and reflect its uniqueness.
 - a. Quality control techniques selected must be effective and economical, and they may occur at any phase in the production process. Three categories include mechanistic, statistical, and motivational.
3. **Total Quality Management (TQM)** is the underlying principle is that all activities and operations of any organization should be focused on—discovering and meeting customer needs.
 - a. The Quality Control Era is considered the 1980s to the present. Prior to that, American firms had become complacent; they were able to succeed inefficiently. The change in the 1980s was due to the quality of Japanese products and the establishment of standards in the U.S.
 - b. W. Edwards Deming believed it is a constant standard for industry and used statistical measures. He pushed for employee involvement in the quality control process. He made improvements on the Japanese production systems. (*Review Deming's Absolutes of Quality and Deming's Deadly Sins of Quality in the text.*)
4. **ISO 9000 and ISO 14000** were developed by the International Organization for Standards. ISO 9000 is a popular foundation for almost all quality standards; customers can count on products and services with ISO 9000 assurance. ISO 14000 is a set of standards that protects the environment internationally; they are becoming benchmarks for international business.

E. Human Resource Management

HR places importance on the people part of the equation. It says that organizational resources = people + capital + natural resources.

1. **Planning** requires that every aspect involving people in the organization is included in the strategic plan.
2. **Staffing** efforts should be to attract, train, develop, and retain the most qualified employees in all positions.
3. **Compensation and Development** is an area where the most change is taking place. Employees want to earn a competitive salary; this is what gets the most complaints.
4. **Training and Development** is a key to productivity.
5. **Employee Safety, Health, and Stress** are expected of all employees. Everyone should work in safe, comfortable conditions.
6. **Performance Appraisals** are conducted on a regular basis to determine strengths, weaknesses, areas for training, possible promotions, and career development.

7. **Labor Relations** is part of maintaining a positive working environment. Firms with sincere relationships function in a better atmosphere.
8. **Grievance, Discipline, etc.** fall under HR; these activities often take more time than coming up with a contract. Coaching and counseling are part of the resolution process.
9. **Employee Separation Processes** should be outlined whether the person leaves related to a resignation, layoff, dismissal, or retirement.

Additional Resources for Students

Recommended readings (no texts should be more than two years old):

- Bateman, Thomas S. and Scott A. Snell. *Management: Building Competitive Advantages*. Irwin/McGraw Hill.
- David, Fred R. *Strategic Management: Concepts & Cases*. Prentice-Hall.
- Dessler, Gary. *Essentials of Management*. Prentice-Hall.
- Griffin, Ricky W. *Management*. Houghton Mifflin.
- Hersey, Paul, Kenneth H. Blanchard, and Dewey E. Johnson. *Management of Organizational Behavior*. Prentice-Hall.
- Robbins, Stephen P. *Organizational Behavior*. Prentice-Hall.
- Robbins, Stephen and Mary Coulter. *Management*. Prentice-Hall.
- Stoner, James, R. Edward Freeman, and Daniel R. Gilbert, Jr. *Management*. Prentice-Hall.

Current issues of periodicals or business publications are also an excellent resource. Some of the following periodicals have an accompanying Web site.

<i>Current Periodical</i>	<i>Web Address</i>
<i>BusinessWeek</i>	http://www.businessweek.com
<i>Fortune</i>	http://www.fortune.com
<i>IAAP Complete Office Handbook</i>	http://www.iaap-hq.org/products/handbook.htm
<i>Modern Office Technology</i>	
<i>OfficePro</i>	http://www.iaap-hq.org/officepro/toc.htm
<i>The Office</i>	

