

Managing Enterprise (BMSW4011)

Week 3: Physical and Human Resources



Today's Objectives

1. Describe how business location can affect success.
2. Explain the difference between owning and renting a business property.
3. Identify what a business needs to produce goods or services.
4. Explain why businesses must manage stock effectively.
5. Suggest solutions to business challenges.

Quick Catch-Up – Assessment

Part 1: Understanding the Assignment

1. What is the main assessment for this module?

Business Plan, Reflection and Presentation. Full details in the MH.

2. How many parts are there to Task 1?

Two parts (Business Plan and Reflection)

3. How many words should the business plan be?

1,000 words

4. How many words should the reflection be?

500 words

Quick Catch-Up – Assessment

5. How long is the presentation?

10 minutes

6. What is the purpose of the presentation?

To pitch the business idea to an Angel Investor

7. What business idea are you currently considering?

Please use the template provided!

Moodle > Managing Enterprise > Module Information

Key Business – Questions to Consider

1. Business Idea

- What product or service will your business offer?
- What problem does it solve?
- Who would buy it?

2. Business Ownership

- What will your business structure be?
- Why have you chosen this option?

3. Mission and Objectives

- What is the purpose of your business?
- What do you want to achieve in the first year?

Marketing Questions to Consider

Marketing is how a business lets customers know about its product or service and persuades them to buy it.

What type of marketing could we use?

- Social media posts
- Flyers
- Business cards
- Posters
- TikTok videos
- Facebook adverts
- Word-of-mouth recommendations

You will need to discuss marketing activities within their business plan and presentation.

Question	Your Answer
Business Name	
Product/Service	
Target Customer	
One Social Media Platform	
One Promotional Activity	
One Reason Customers Would Choose You	

Location

Will you own or rent a business property?

Business Location:

Not all businesses need a physical location. Some can operate online or from home.

Renting:

Lower upfront costs, greater flexibility and less long-term commitment.

Owning:

Greater stability and the opportunity to build property value over time.

Key Considerations:

Your decision depends on your business type, budget and future growth plans

Think about: Which option would be best for your business, and why?

(Baum and Crosby, 2008).

Owning a Business Property

What are the benefits of owning a business property?

- **Long-term Investment:** Property may increase in value over time.
- **No Rent Payments:** Mortgage payments can help build ownership in the property.
- **Greater Control:** Freedom to make changes and improvements to suit business needs

(Geltner and Miller, 2001)

Owning a Business Property

What are the disadvantages of owning a business property?

- **High Upfront Costs:** Buying a property requires significant money or a mortgage.
- **Maintenance Costs:** Owners are responsible for repairs, maintenance and improvements.
- **Financial Risk:** Property costs continue even when business is slow, and selling can be difficult.

Why might owning a property be risky for a new business?

(Geltner and Miller, 2001).

Renting a Business Property

What are the benefits of renting a business property?

- **Lower Upfront Costs:** Renting usually requires less money to get started compared to buying.
- **Greater Flexibility:** Businesses can relocate or expand more easily, depending on their rental agreement.
- **Reduced Maintenance Costs:** Landlords may cover certain repairs and maintenance, depending on the lease.

Why might renting be a better option for a new business?

(Baum and Crosby, 2008)

Renting a Business Property

What are the disadvantages of renting a business property?

- **No Ownership:** Rent payments do not contribute towards owning the property.
- **Limited Control:** Changes or improvements may require the landlord's permission.
- **Potential Rent Increases:** Rent may increase over time, leading to higher business costs.

Why might renting a property create challenges for a growing business?

(Geltner and Miller, 2001)

Owning vs
Renting

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Before a business can produce its products, it must decide where production will take place.

... then once a business has chosen a location, it must consider:

- Equipment
- Production space
- Capacity
- Investment requirements

These factors are known as **Production Facilities**.

Production Facilities

Key Questions to Consider (If relevant to **YOU!**):

1. **Make or outsource?** Will you produce the product yourself or pay another company to make it?
2. **Facilities & Equipment:** Do you have the space, equipment, and safety standards needed?
3. **Production Capacity:** Can you produce enough to meet customer demand now and in the future?
4. **Investment Required:** What additional equipment, materials, or transport will you need to pay for?

If your business has the facilities and equipment to produce products, what else do you need to ensure production can continue smoothly?

Stock Control

Stock control involves managing products and materials to ensure a business has the right amount of stock available.

So why do you think stock control important?

- **Avoid Running Out:** Ensures products are available to meet customer demand.
- **Prevent Overstocking:** Reduces unnecessary costs, waste and spoilage.
- **Improve Efficiency:** Helps businesses order the right amount of stock at the right time.
- **Better Customer Service:** Ensures customers can buy products when they need them.

How do you know if your stock control decisions are helping or hurting the business financially?

Management Accounts

Management accounts provide financial information that helps managers monitor business performance and make decisions.

This is important because...

- ✓ **Measure Performance:** Shows whether the business is making a profit or loss.
- ✓ **Support Decision-Making:** Helps managers make informed decisions about costs, pricing, and growth.
- ✓ **Monitor Business Health:** Tracks sales, costs, and profitability over time.

Item	Amount
Sales Revenue	£300
Costs	£150
Profit	£150

Quality Control

Quality control is the process of checking products or services to ensure they meet the required standard before reaching the customer.

Why is quality control important?

- **Customer Satisfaction:** Customers are more likely to return if products meet their expectations.
- **Fewer Complaints & Returns:** Reduces mistakes and negative reviews.
- **Protects Business Reputation:** Helps build trust and a positive brand image.
- **Reduces Costs:** Prevents waste and replacement costs.
- **Improves Sales:** Good quality products encourage repeat purchases and recommendations.

(Juran and Godfrey, 1999)



Quality Control – Workplace Example

Candle Business Example

A candle company checks that:

- The wax burns evenly
- The labels are correct
- The jars are not damaged

What is the result?

- ✓ Better customer reviews
- ✓ fewer returns
- ✓ Increased repeat sales.

Summary Table

Topic	What it means	Example
1. Stock Control	Keeping track of your supplies	Buying the right amount of fruit for smoothies
2. Management Accounts	Tracking money coming in and out	Profit from candle sales after costs
3. Quality Control	Checking your product is good enough	Making sure cupcakes are baked and look nice

Management Information Systems

Management Information Systems (MIS) are the tools and software businesses use to *collect information, monitor performance*, and *support decision-making*.

What can MIS do?

- **Manage Demand:** Handles increasing numbers of customers, orders, and enquiries.
- **Improve Efficiency:** Automates routine tasks and reduces errors.
- **Support Growth:** Enables the business to expand without losing control of operations.
- **Better Decision-Making:** Provides up-to-date information on sales, stock, and customer activity.
- **Improve Communication:** Helps different departments share information quickly and accurately.

These are the benefits of MIS, but what exact examples of MIS?

Examples of MIS

Business Need	Example System
Sales	Point of Sale (POS) System
Stock Control	Inventory Management System
Finance	Accounting Software
Customers	Customer Relationship Management (CRM) System

 **A small business starts receiving 200 orders per day instead of 20. What systems might it need to introduce to cope with this growth?**



MIS in Everyday Business

1. McDonald's Self-Service Kiosks

- Records customer orders
- Sends information directly to the kitchen

2. Amazon Order Tracking

- Monitors stock levels and deliveries
- Updates customers on order progress

3. Tesco Clubcard

- Tracks customer purchases
- Helps Tesco understand buying habits

4. Uber App

- Matches drivers and passengers
- Tracks journeys and payments

 **What information is each business collecting, and how might managers use it to make decisions?**

Sweet Success – The Story of Bella’s Bakery

Read the case study carefully.

Working individually, in pairs or small groups, discuss how Bella can manage the challenges created by rapid business growth.

Consider the following business areas:

- ✓ Production Facilities
- ✓ Stock Control
- ✓ Management Accounts
- ✓ Quality Control
- ✓ Management Information Systems (MIS)

 **Bella can only invest in ONE improvement. Which would you choose and why?**

- Larger kitchen
- More staff
- Accounting software
- Stock management system

Be prepared to justify your answer.

Human Resources

Human Resources (HR) is responsible for managing the people who work in a business.

So, what do they actually do?

- **Recruit Staff:** Hire the right people for the right roles.
- **Manage Performance:** Support employees to work effectively and achieve targets.
- **Training & Development:** Provide training to improve skills and knowledge.
- **Employee Well-being:** Support staff health, motivation, and job satisfaction.

Human Resources

For an organisation, why is HR important?

- ✓ Helps attract and retain talented employees.
- ✓ Improves productivity and performance.
- ✓ Supports business growth.
- ✓ Creates a positive workplace culture.

Workplace Example:

Bella's Bakery is growing rapidly.

Bella may need HR support to:

- Recruit additional bakery staff.
- Train new employees.
- Manage work schedules.
- Ensure staff maintain quality standards.

 **As Bella's Bakery grows, what should be more important: hiring quickly or hiring the right people?**
Why?

Important!!

For the **Human Resource** section of your business plan should include the following:

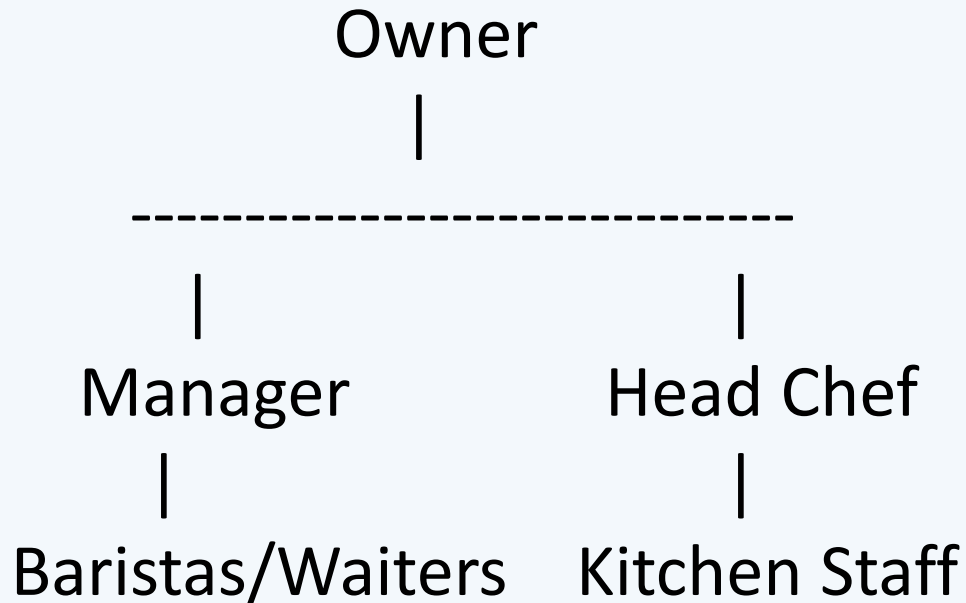
- How many people will the business employ?
- Where will you source these employees?
- What will their job roles be?
-

Design an organisational chart, if appropriate!

(See next slide for an example!)

Organisational Chart

Here's what an organisational chart for a small café might look like:



Why is this Important?

- **Clear Responsibilities:** Everyone knows their role.
- **Chain of Command:** Employees know who they report to.
- **Better Communication:** Information can be passed efficiently.
- **Supports Growth:** New roles can be added as the business expands.

As businesses grow, HR helps **recruit**, **train** and **manage** the people needed to fill these new roles.

Student Activity

Bella's Bakery is Growing!

Bella's bakery is becoming more successful. She needs to hire more staff.

Create an organisational chart using the following roles:

- Bella (Owner)
- Bakery Manager
- Baker
- Shop Assistant
- Delivery Driver

If Bella's Bakery continues to grow, what new role might need to be added to this organisational chart?

If Bella's Bakery continues to grow, what new role might need to be added to this organisational chart?

- HR Assistant
- Marketing Manager
- Finance Officer
- Additional Bakers
- Customer Service Assistant



Next Week

Week 4: Sources of Finance

For your business plan, I suggest working on the following;

- 1. Location and Rationale:** Describe the physical location of your business and explain why it was chosen. If relevant, include a Google Maps visual of where the location will be.
- 2. Human Resources:** Outline how many employees your business will have, where you will source them, and their job roles. Include an organisational chart if appropriate.

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If you have any questions, then
please do not hesitate to reach
out.

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