

4 What operations management does – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary

Write each word three times.

English	Write it 3 times (English)		
Operations	_____	_____	_____
Operations man- agement	_____	_____	_____
inputs	_____	_____	_____
outputs	_____	_____	_____
transformation process	_____	_____	_____
add value	_____	_____	_____
Productivity	_____	_____	_____
Efficiency	_____	_____	_____
job production	_____	_____	_____
batch production	_____	_____	_____
flow production	_____	_____	_____

Recall

Every business has to **make** its product or deliver its service. Bring this with you:

- A business turns materials and work into finished goods.
- Doing this with less waste saves money.

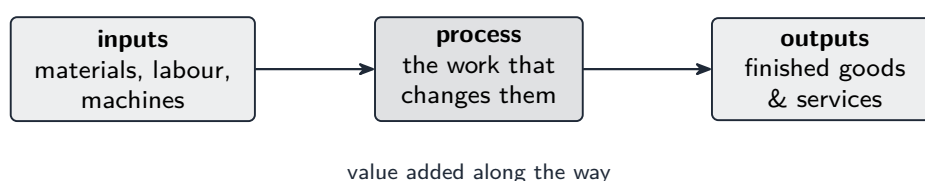
At AS we study **operations** – the part of a business that makes the product.

New ideas

■ 1 The transformation process

Operations management is the part of a business that makes the product. **Operations management** turns **inputs** into **outputs** – the **transformation process** :

- **inputs** – raw materials, labour, machines and money;
- **process** – the work that changes the inputs;
- **outputs** – finished goods and services for the customer.



Good operations **add value** – the output is worth more than the inputs used to make it.

Micro-check. State the three parts of the transformation process. [1]

■ 2 Productivity and efficiency

Productivity measures how much output you get from your inputs:

$$\text{productivity} = \frac{\text{output}}{\text{input used}}.$$

Efficiency means making products with as little waste of time, materials and money as possible. Higher productivity and efficiency **lower the cost of each unit**.

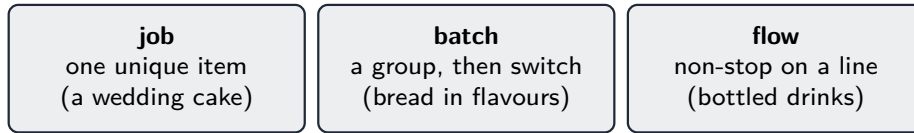
Micro-check. A worker makes 40 units in 8 hours. State their productivity per hour. [1]

■ 3 Methods of production

A firm chooses how to organise production:

- **job production** – making one unique item at a time (a wedding cake, a bridge);

- **batch production** – making a group of the same item, then switching (bread in flavours);
- **flow production** – making items non-stop on a line (bottled drinks, cars).



Job production is flexible but costly per unit; flow production has a low unit cost but needs high, steady demand.

Micro-check. Which method makes items non-stop on a line? [1]

Watch out: productivity = output ÷ input (output per worker or hour); higher productivity *lowers* the cost per unit. Job production is flexible but costly per unit; flow production has a low unit cost but needs high, steady demand.

Practice

4.1 State what **operations management** does (use the words *inputs* and *outputs*). [2]

4.2 A factory makes 600 units using 200 hours of labour. Find the productivity per hour. [2]

4.3 State what **efficiency** means in operations. [1]

4.4 State which method of production each suits: (a) a one-off bridge; (b) millions of identical cans. [2]

4.5 Give **one** advantage of flow production and **one** of job production. [2]

4.6 Challenge. Factory A makes 600 units with 200 labour-hours; Factory B makes 900 units with 360 labour-hours. Work out which is more productive per hour. [2]