Operations management (5.1-5.9)

International Baccalaureate · IB Diploma · Business Management · HL · Vocabulary in context

Word	Example
operations management /ˌɒpəˈreɪʃnz ˈmænɪdʒmənt/	**Operations management** organises how a firm makes its goods.
inputs /ˈɪnpʊts/	Labour and materials are production **inputs**.
outputs /ˈaʊtpʊts/	Finished tables are factory **outputs**.
value added /ˈvæljuː ˈædɪd/	**Value added** is the selling price minus the cost of bought-in materials.
operations methods	Batch and flow production are different **operations methods**.
job production /dʒɒb prəˈdʌkʃn/	Making one custom table is **job production**.
batch production /bætʃ prəˈdʌkʃn/	Baking one group of rolls before changing recipes is **batch production**.
mass production	A continuous factory line uses **mass production**.
mass customisation /mæs ˌkʌstəmaɪˈzeɪʃn/	With **mass customisation**, customers choose options for a mass-produced product.
lean production /liːn prəˈdʌkʃn/	**Lean production** cuts waste of materials and time.
kaizen /ˈkaɪzn/	**Kaizen** encourages small continuous improvements.
just-in-time /dʒʌst ɪn taɪm/	**Just-in-time** deliveries arrive when materials are needed.

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kanban	A **kanban** signals when more parts are needed.
andon	An **andon** light alerts workers to a production problem.
cradle to cradle	**Cradle to cradle** design means old products can be made into new ones.
quality /ˈkwɒlɪti/	A product has **quality** when it meets customer requirements.
quality control /ˈkwɒlɪti kənˈtrəʊl/	**Quality control** checks products for defects.
quality assurance /ˈkwɒlɪti əˈʃʊərəns/	**Quality assurance** tries to stop mistakes at every stage.
quality circles	In **quality circles**, small groups of workers meet to suggest improvements.
benchmarking /ˈbentʃmɑːkɪŋ/	**Benchmarking** compares your firm with the best in the industry.
total quality management /ˈtəʊtl ˈkwɒlɪti ˈmænɪdʒmənt/	**Total quality management** makes quality everyone's responsibility.
outsourcing /aʊtˈsɔːsɪŋ/	**Outsourcing** pays another firm to perform a task.
offshoring /ˈɒfʃərɪŋ/	**Offshoring** moves business work to another country.
insourcing	**Insourcing** brings work into the business.
reshoring	**Reshoring** brings production back to the home country.

Word	Example
contribution /ˌkɒntrɪˈbjuːʃn/	Each unit's **contribution** is its price minus its variable cost.
break-even /breɪk ˈiːvən/	At **break-even**, total revenue equals total cost.
margin of safety /ˈmɑːdʒɪn ɒv ˈseɪfti/	The **margin of safety** is how far sales can fall before the firm makes a loss.
target profit	A **target profit** helps set the required sales level.
supply chain /səˈplaɪ tʃeɪn/	The **supply chain** connects raw-material suppliers, factories and retailers.
just-in-case /dʒʌst ɪn keɪs/	**Just-in-case** means keeping extra stock in case something goes wrong.
buffer stock /ˈbʌfə stɒk/	A **buffer stock** sells stored grain when prices rise.
stock control chart	A **stock control chart** shows inventory changes over time.
lead time /liːd taɪm/	The **lead time** is the wait between ordering and delivery.
reorder level	The **reorder level** triggers a new stock order.
reorder quantity	The **reorder quantity** is how much stock is ordered each time.
capacity utilisation /kəˈpæsɪti juːtɪlaɪˈzeɪʃn/	**Capacity utilisation** compares what a factory makes with the most it could make.
defect rate	The **defect rate** measures the share of faulty products.

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labour productivity /ˈleɪbə ˌprɒdəkˈtɪvɪti/	Output per worker-hour measures **labour productivity**.
capital productivity	**Capital productivity** is output per machine.
productivity rate	A **productivity rate** compares output with the input used.
cost to buy	The **cost to buy** is the price the supplier charges.
cost to make	The **cost to make** is what it costs the firm to produce the item itself.
crisis	A major factory fire creates a business **crisis**.
crisis management /ˈkraɪsɪs ˈmænɪdʒmənt/	**Crisis management** is how a firm deals with a sudden disaster.
transparency	Sharing honest news shows **transparency** during a crisis.
communication /kəˌmjuːnɪˈkeɪʃn/	Clear **communication** helps the two shifts work together.
speed /spiːd/	**Speed** matters when responding to an emergency.
control /kənˈtrəʊl/	Managers need **control** of the situation in a crisis.
contingency plan /kənˈtɪndʒənsi plæn/	A **contingency plan** prepares for events such as a supplier failure.
research and development /rɪˈsɜːtʃ ænd dɪˈveləpmənt/	**Research and development** creates and improves products and processes.

Word	Example
innovation /ˌɪnə'veɪʃn/	A useful new production method is an **innovation**.
management information system	A **management information system** gives managers the data they need.
data analytics	**Data analytics** examines sales figures to identify patterns.
database /'deɪtəbeɪs/	Scientists put DNA sequences into a **database** that anyone can search. DNA
big data	Millions of detailed purchase records are **big data**.
data mining	**Data mining** searches large datasets for useful patterns.
cloud computing /klaʊd kəm'pju:tɪŋ/	With **cloud computing**, you store files on servers far away.
data centre /'deɪtə 'sentə/	A **data centre** is a building full of servers.
cybersecurity	**Cybersecurity** protects business systems and information.
cybercrime	Stealing customer data online is **cybercrime**.
artificial intelligence /ˌɑ:tɪ'fɪʃl ɪn'telɪdʒəns/	**Artificial intelligence** lets computers do tasks that need thinking.
artificial neural network	An **artificial neural network** learns patterns, a little like the brain.
Internet of Things /'ɪntənet ɒv θɪŋz/	The **Internet of Things** links everyday devices, such as fridges, to the internet.

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Word	Example
virtual reality /'vɜ:tʃu:əl rɪ'ælɪti/	A **virtual reality** headset shows a 3D world. 3D
customer loyalty programme	A **customer loyalty programme** rewards repeat purchases.
digital Taylorism	**Digital Taylorism** uses computers to watch and time every task a worker does.
enterprise resource planning	**Enterprise resource planning** software links all the departments' information in one system.
critical infrastructure	Power and water systems are **critical infrastructure**.