Operations management (5.1-5.9)

International Baccalaureate · IB Diploma · Business Management · SL · 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.
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.

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reshoring	**Reshoring** brings production back to the home country.
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.