

Exercise walk-through

4.1

Production of goods and services

IGCSE Business Studies

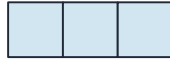
Methods of production

job



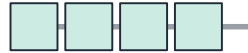
one unique
item at a time

batch



a group, then
switch to another

flow



a non-stop
line

- training workers,
- using better machines and **technology**,
- improving **motivation**,
- organising the work better.

The production methods, and the break-even chart

Job production

One unique item at a time: a wedding cake, a bridge. Skilled, flexible, and dear per unit.

Batch production

Batch production makes a group of identical items, then switches – bread of one kind, then another. Setup time between batches is the cost.

Flow production

Continuous, identical output on a line: lowest unit cost, highest setup cost, and no flexibility.

Break-even chart

A **break-even chart** plots total costs against sales revenue: they cross at the break-even output, and the gap beyond it is profit.

Choose the method from the order: unique, grouped, or identical and endless. **Tariffs** and transport costs are what pull production nearer the market.

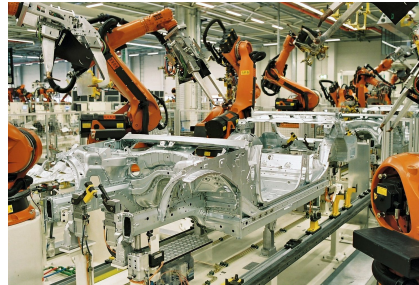
Productivity and lean production

productivity

output per worker; raise it with training, technology & motivation

lean production

cut all waste; **just-in-time** holds little **inventory**



Industrial robots

Exercises 2.1·2.3

2.1 Define the term *productivity*.

[2]

2.2 State the difference between *job* and *flow* production.

[2]

2.3 Define the term *just-in-time (JIT)*.

[2]

Exercises 2.1-2.3

2.1 Define the term *productivity*. [2]

2.1

- **productivity** is how much output each worker or machine produces in a **set time** (K)

2.2 State the difference between *job* and *flow* production. [2]

2.2

- **job**: one item at a time to order (K)
- **flow**: goods non-stop on a moving line (K)

2.3 Define the term *just-in-time (JIT)*. [2]

2.3

- **JIT**: materials arrive **just as they are needed**, so little inventory is held (K)

Exercises 3.1-3.2

3.1 Identify two ways a business could raise its productivity. [2]

3.2 Explain two benefits to a manufacturer of using flow production. [6]

Exercises 3.1-3.2

3.1 Identify two ways a business could raise its productivity. [2]

3.1

- any **two** of: train workers / better machines / improve motivation / organise work better (K, K)

3.2 Explain two benefits to a manufacturer of using flow production. [6]

3.2

- for **each** of two benefits: K + An, max 3 each
- e.g. **low unit cost**: machines run non-stop → economies of scale
- e.g. **consistent quality**: a standard line → fewer faults

Exercise 3.3

3.3 A furniture maker produces special, made-to-order pieces. Do you think it should switch to flow production? Justify your answer. [6]

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3.3

- **for:** flow lowers unit cost and raises output
- **against:** this maker sells **made-to-order** pieces, so **job production** fits
- **judgement (Ev):** keep job production – flow only suits high, steady demand for identical goods