

4 Production and costs – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary

Write each word three times.

English	Write it 3 times (English)
Production	_____
job production	_____
batch production	_____
flow production	_____
fixed costs	_____
variable costs	_____

Recall

Production turns inputs into finished goods. It can be done in different ways, and it costs money.

New ideas

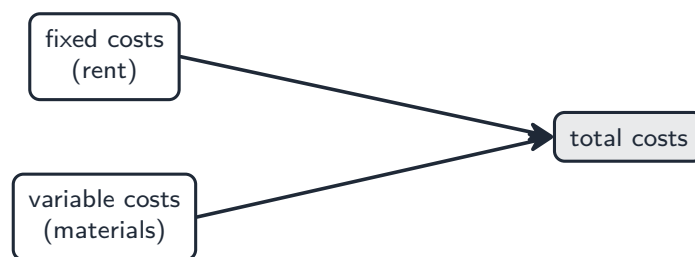
Read these first, then do the Practice.

■ 1 Methods of production

job	one unique item (a wedding cake)
batch	groups of the same (bread)
flow	continuous mass production (cars)

- **job production** makes one unique item at a time;
- **batch production** makes groups of the same item;
- **flow production** makes a continuous stream (mass production).

■ 2 Costs



- **fixed costs** stay the same however much you make (e.g. rent);
- **variable costs** change with output (e.g. materials).

Watch out: match the method to the need – **job** (one unique item), **batch** (groups), **flow** (continuous mass production). **Fixed costs** stay the same whatever the output (rent); **variable costs** change with output (materials).

Practice

Try these in order.

4.1 What is *job production*? [1]

4.2 Which method makes a continuous stream of identical goods? [1]

4.3 Give one example of a fixed cost. [1]

4.4 Give one example of a variable cost. [1]

4.5 Fixed costs + variable costs = ? [1]

4.6 Challenge. A bakery pays \$500 rent a week and \$2 of ingredients per cake. Find its total cost in a week when it makes 300 cakes. [3]