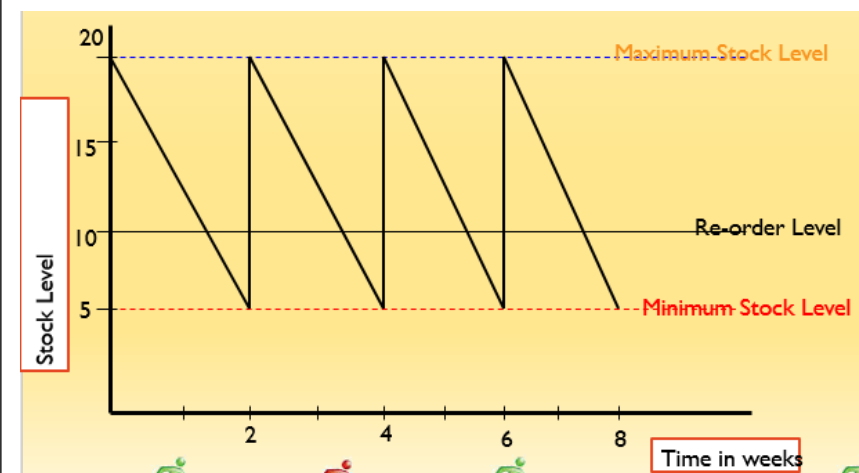


2.3 Making Operational Decisions

Key word	Definition
Goods	'Tangible' products that you can touch and the consumer can buy.
Services	A service is something that is provided for the customer by the business. The business does something for them.
Job Production	A single product is made at any one time.
Batch Production	Small quantities of identical products are made.
Flow Production	Flow production uses production lines with continuous movements of items through the process
Productivity	A measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Productivity is computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period.
Bar Gate Stock graph	A graph used by businesses to show
JIT (Just in Time)	Is a method of stock control where materials or parts are delivered just when they are needed which creates less of a need for a warehouse.
Quality Control	A business inspects the products once they have been made to check the quality.
Quality Assurance	A business checks the quality of the product at each stage of production.
Competitive Advantage	A superiority gained by an organisation when it can provide the same value as its competitors but at a lower price, or can charge higher prices by providing greater value through differentiation.

Production Methods					
Job Production – single product is made at a time and can be made specifically for a customer.		Batch Production – small quantities of identical products are made.		Flow Production – used to make mass products, usually on a production line.	
Advantages	Disadvantages	Advantages	Disadvantages	Advantages	Disadvantages
<p>Bespoke, unique, one off, to customers measurements or specifications</p> <p>Very motivated workers</p> <p>Motivated workers are normally more productive and have lower rates of absenteeism</p> <p>Higher prices can be charged</p>	<p>Skilled labour and craftsmen are expensive so will increase the business costs.</p> <p>Wide range of tools may be required to complete the job with it being so specialised.</p>	<p>Flexibility because production can be changed to meet customer needs</p> <p>Standard production of items means it can be mechanised less labour involved</p> <p>Employees specialise so become good at their job</p>	<p>Workers may be less motivated with repetitive work</p> <p>Idle time between batches needs to be managed as this is wastage because work stops while the machines are changed to make the next product</p> <p>If one batch takes too long the other batches will all be held up too</p>	<p>A business can make larger quantities which means they can bulk buy raw materials and save money (economies of scale)</p> <p>Automated and computerised production means improved quality and more complex designs can be made.</p> <p>As production is continuous stocks of parts and raw materials don't need to be held</p>	<p>High costs to buy the factory and machinery</p> <p>Low motivation of staff due to repetitive tasks</p> <p>Break downs and lost production can be costly</p> <p>Very inflexible, hard to change the factory machinery to make different products, the production process will be set up to make just one item e.g. bottled cola</p>

Bar Gate Stock Graph



Procurement: The act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment.

Quality Assurance		Quality Control	
Advantages	Disadvantages	Advantages	Disadvantages
<p>End products are much higher quality</p> <p>Workers take more ownership of their work therefore improving productivity</p>	<p>It makes the production process much longer.</p> <p>Each worker may have different standards therefore there may be no consistency.</p>	<p>It takes less time to do the quality checks.</p>	<p>Work is only checked at the end of production: materials and time can be wasted.</p> <p>Work is often checked by a "manager" which reduces workers taking ownership of their work.</p>

