

**Start**

What's meant by 'business operations'?

The process of organising, producing, selling and delivering goods

Covers production methods, stock control, quality control & customer service

Job Production		Batch Production		Flow Production	
One-off bespoke products, made to order		Producing a limited number of the same item and then switching to a different item		Continuous output of identical products, could operate 24-7, lots of automation	
<b>Pro</b>	<b>Con</b>	<b>Pro</b>	<b>Con</b>	<b>Pro</b>	<b>Con</b>
Meets customer requirements, less complaints	<b>Costly &amp; time consuming, need specialist staff</b>	Benefit from some economies of scale, some choice for staff & customers	<b>Can't be totally automated, wasted time switching batches</b>	More machinery less staff keeps costs low, high productivity	<b>Expensive to set-up, staff lack motivation</b>

Define productivity

The amount produced per worker over a period of time

Can be increased with technology

What is Quality Assurance?

Quality is checked at every stage of production, all the way back to the supplier,

How can it be achieved?

All staff are trained and responsible for checking their section of the production process, more rules/regulations, audits, safety checks, meet certification standards e.g. ISO9000, Kitemark, Food Safety Certification

Issues?

Very time consuming, lots of training required,

What is Quality Control

The process of inspecting products for defects at the end of the production process

Main issues

Defected products are just thrown away

Doesn't rectify the problem

Doesn't check all products

Why is a good supplier relationship essential?

- Maintain your own customer service levels
- So you can rely on them and ask for greater flexibility e.g. a sudden order, quickly lead time
- Favourable credit terms (trade credit), eases cashflow

How to achieve good customer service?

Train staff on product knowledge, fast delivery, deal with complaints, post-sales service e.g. repairs, guarantees

Good Customer service leads to...	Poor Customer service leads to...
<b>Happy customers</b>	<b>Unhappy customers</b>
<b>Better reputation</b>	<b>Bad reputation</b>
<b>Less complaints, good feedback</b>	<b>Complaints, bad feedback</b>
<b>Customer loyalty</b>	<b>Refunds to customers</b>
<b>Competitive advantage</b>	<b>Customers going to competitors</b>

**Finish**



Using technology in the production process

Pros	Cons
Increase speed	<b>Costly initial investment</b>
Lowers production costs	<b>Technology can quickly become obsolete and need replacing</b>
Quality & standards consistent	<b>Maintenance costs</b>
Fewer defects	<b>Staff need training</b>
	<b>Staff may be made redundant</b>

What is procurement?

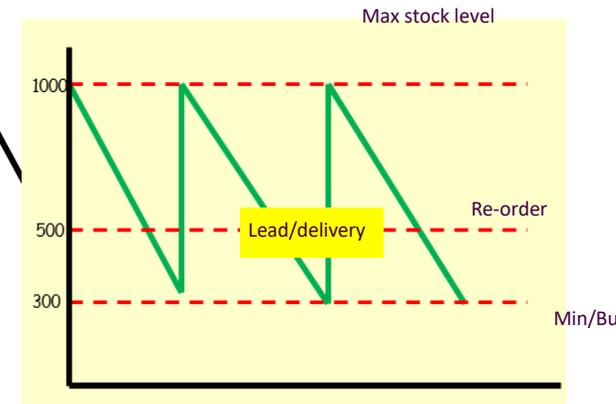
The process of planning, researching and buying stock from a supplier

What makes a good supplier:

- Reliability over quality
- Value for money
- Discounts (economies of scale)
- Product availability (Short lead time)

Just in Case is...	Just in Time is...
Stock is held in stock rooms, storage, warehouses ready for when it's needed	Stock is not held It's only ordered exactly when it's needed
<b>Pros</b>	<b>Pros</b>
Always meet demand	Fixed costs kept to minimum
Damaged goods replaced	No waste
Economies of scale	Less damaged/stolen stock
<b>Cons</b>	<b>Cons</b>
High storage/insurance/security costs	Might not meet demand
Could be perishable/obsolete	Late deliveries
	No economies of scale

Label the Bar Gate Stock Graph: Buffer/Min stock level, Max stock level, re-order point, Lead/Delivery time



Key word	Definition
Bespoke	Designed and made for an individual customer
Automation	Using machinery or robotics to do jobs instead of using people to do them
Profit	The proportion of revenue left over after costs have been deducted
Economies of scale	A situation where average costs (of production, distribution and sales, for example) falls as business increases the amount of product that it produces, distributes and sells
Downtime	Time when a person or machine is not producing anything
Standardised	When every example of a product is exactly the same as the others
Cost per unit (average cost)	How much it costs to make each product or service, taking into consideration all of the variables
Supply chain management (SCM)	The management of the flow of goods and resources through the production process
Procurement	The process of managing a business's major purchases, from raw materials to delivery vans
Variable costs	Costs paid by a business that change depending on how many products or services the business sells
Fluctuate	Rise and fall in number or amount
Logistics	The organisation and management within a business of the transport of raw materials and goods
Perishable	Likely to go out of date or go off quickly

Key word	Definition
Quality mark	A standard of quality given to a business that is accredited by a professional body
Competitive advantage	An advantage a business has over its rivals that is unique and sustainable
E-tailing	Retailing to customers through the internet, such as through an e-commerce website
Retailing	Selling products or services to customers – in this case, in a physical shop
Transaction	The act of buying or selling something
Quantitative	Concerning the quantity or amount of something that can be measured in numbers
Metric	A standard of measurement
Qualitative	Concerning the quality of something that cannot be shown in numbers
Differentiate	Show that something (in this case, a product) is different from similar things
Job Production	One-off bespoke products, made to order
Batch Production	Producing a limited number of the same item and then switching to a different item
Flow Production	Continuous output of identical products, could operate 24-7, lots of automation

Lesson Sequence
Production Processes
Stock Control
Suppliers and Procurement
Quality
Productivity and cus-